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# USSR Report

WORLD ECONOMY AND INTERNATIONAL RELATIONS

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30 October 1985

## USSR REPORT

### WORLD ECONOMY AND INTERNATIONAL RELATIONS

No 8, August 1985

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal **MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA** published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

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## ENGLISH SUMMARY OF MAJOR ARTICLES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 85 (signed to press 15 Jul 85) pp 158-159

[Text] "Imperatives of Helsinki" by A. Lebedev. The article is devoted to the 10th anniversary of the signing of the Helsinki Final Act to be marked on 1 August 1985. Its aim is to once again evaluate thoroughly the topicality of the event. The article demonstrates that the Helsinki Final Act, the entire set of its agreements marked a genuine victory of realism, good reason and common sense in world policy. The interests of all participating countries of the Conference socialist, capitalist, neutral and non-aligned were taken into consideration. The article stresses that all sections of the Final Act are equally valuable, bear great importance and are pervaded with a spirit of detente. It casts light on the fact that interstate documents of detente period, including Helsinki Final Act, have lost none of their importance. They exemplify the way international relations can be conducted if reliance is made on the principles of equality and equal security, on the existing world realities if not advantages but mutually acceptable decisions and agreements are sought. The article points out that the USSR is striving to overcome the dangerous tension, to develop peaceful cooperation and constructive foundation of international life which was declared at the Stockholm Conference, a direct continuation of the Helsinki process, where a set of important Soviet initiatives on detente on the European continent was moved. The 10th anniversary of the signing of the Helsinki Final Act should be keynoted by the restoration and expansion of the process of detente.

S. Tikhvinskiy in the article "Potsdam: Contours of the Postwar World" reveals the importance of the Potsdam conference, one of the diplomatic conferences of World War II. Being the last meeting of the leaders of the anti-Hitler coalition states the conference provided a good basis for a durable peace. The decisions they adopted accorded with the principles of peaceful coexistence. The author shows what a complicated and responsible task faced Soviet diplomacy and points out that all international factors had to be attentively and precisely taken into consideration to defend the interests of the USSR. The U.S. and British ruling circles already in June 1945 tried to reduce to a minimum the triumph of the Soviet weapon in Europe. They tried to confront the USSR with a united front of the Western powers, imposing upon it their version of the postwar structure of the world. The article stresses that it is difficult to overestimate the importance of the Potsdam commitments which were democratic and constructive. They provided a reliable basis for continued peaceful

cooperation and essentially prevented imperialism, above all American, from realizing their aggressive expansionist plans. The author shows the attempts of the bourgeois historiography to besmirch the Soviet foreign policy in the war years, to distort its aims, to discredit the Soviet postwar peace-loving initiatives with the aim of changing the existing order in Europe and all over the world.

Structural change is sweeping the industrialized capitalist countries as a result of technological innovations involving crucial reshaping of industry both on the national and international levels. The decline of "sunset" industries, the rise of "sunrise" industries, the dislocations this causes are under the study in the article "Structural Shifts in Capitalist Economy" by N. Volkov and N. Shmelev. The authors commence with an outlook of the U.S. industrial profile, assessing the adjustment policies targeted to meet the restructuring challenges. The observed trends, supported with abundant data, do not provide for the conclusion about the likely de-industrialization in the U.S.A. One could more accurately label the outlined processes as gradual modernization of the so-called traditional industries somewhat obscured by the skyrocketing rise of high-technology industries. The authors dwell upon the impact of the "open economy" strategy on the restructuring, comment on its sociopolitical implications, feature the U.S. thinking on the alternatives of the industrial policy. The further analysis presents the common features and the particulars of the restructuring patterns in Western Europe and Japan. The authors account for the comparative lack of structural flexibility in Western Europe where the main emphasis is placed on the modernization of the traditional industries. Japan's high mobility of industrial structure is underlying the contemporary expansion of Japanese economy and foreign trade. Industrial restructuring is channeled to the developing world, mainly to the NIC's through the mechanism of foreign investments, migration of labor- and material-intensive industries from the imperialist centers to the developing periphery. Structural reshaping within the capitalist system lead to "structural crises" which force capitalism to mobilize its existing reserves at the expense of the working class.

"Zero growth of Population and its Consequences for the West" is the subject of O. Oskolkova's article which deals with an analysis of the tendency towards a stabilization of the population in Western Europe and North America. From the mid 1960's the birth rate in the aforesaid regions has been steadily falling and its indices have fallen near and in some cases even below the death rate. The population growth is extremely slow and in some countries is falling too. The author believes this process to be irreversible. The importance of immigrants as a factor of population growth in Western Europe has almost ceased to exist but continues to prevail in the U.S.A. and Canada. The article points out that the birth rate determinants are utterly complicated and insufficiently studied. The most important among them are the level of industrialization and urbanization, women's economic activity, the standard of education, health services and social security, the state demographic policy, incomes etc. The article lists inflation, unemployment and spiritual impoverishment in capitalist countries among other important factors of the reproductive conduct of the population. The author notes that among Western scientists there are advocates and opponents of the stabilization of the population. The former believe that the growth rate engenders crisis phenomena in the economy and social life and

menaces the environment. The latter think a discontinuation of the growth rate would lead to economic, social and cultural decline. The author comes to a conclusion that the epoch of stable population would mean a reduction of a manpower on the labor market, a rise in the average age of the labor force, an increase in the proportion of pensioners, a change in the structure of demand etc. and thus pose new problems to the capitalist society.

Africa is a continent in motion. Apart from national peculiarities factors largely influencing its development are processes of world wide importance--coexistence and collision of the two world systems, say Yu. Osipov and Yu. Cherkasov in their article "Socioeconomic Problems and Development Perspectives for Africa". The main impediment to the development of this continent remains imperialism. The structural changes and shocks due to crises in the centers of the world capitalist system render high pressure on the economy of the African countries, suffering from protectionism and restrictive TNC practices, and hinder the efficiency of the existing and formation of new industries. It is impossible to overcome the debt crisis in conditions which reproduce the relations of dependency and exploitation, stifling the potential of capital formation. Modernization of the capitalist pattern failed to give a proper impulse to the transformation of the archaic structure. Seeking to cope with the growing social tension and economic dependence Africa sought to develop an "alternative course" and launched a struggle for the New International Economic Order. In the course of the evolution of the African countries their socio-political and economic stratification will grow. The trends toward forming new states with a socialist orientation will be opposed by imperialist efforts to prevent the narrowing of the spheres of neocolonial exploitation and the shaking of the foundations of world capitalism.

"The Security Issues in the North of Europe and Policy of Sweden" by S. Morgachev deals with various aspects of the Swedish policy of neutrality. The latter represents a rather flexible course which presupposes a high degree of freedom of action on the international arena. Making use of such freedom Sweden is specifically active in the struggle for preventing the threat of a new war, for detente and disarmament. Seeking to influence the international atmosphere positively Stockholm proceeds from the fact that the security of Sweden, as of any other state, can be ensured only on a collective basis. While giving due credit to the peaceful efforts of Sweden one cannot but see that within the framework of the policy of neutrality, as interpreted in Stockholm, there exists military-economic and military-political cooperation with the NATO member countries. Such cooperation becomes possible because of the strong pressure of the U.S.A. and the existence in Sweden itself of rather influential forces welcoming it. These circles, coming out as the Swedish military-industrial complex, are trying to create in Swedish-Soviet relations an atmosphere of confrontation. But the striving to preserve a normal climate in the relations with the Soviet Union prevails on the Swedish political scene.

The editorial board completes to publish the round-table discussions on the topic "Latin America: Contradictions of the New Stage" acquainting the reader with the views and opinions of the experts, studying the above problems. The reality of Latin America provides ample proof of a new stage in the economic, social and political aspects of its history largely connected with qualitative



changes the world over. The new stage was marked by the cyclical crises of 1974-1975 and the early 1980's. It was noted that the last cyclical crisis strongly influenced all spheres of social life in the region and was tangled up with a structural one. All these entailed an aggravation of socioeconomic and, indirectly, political contradiction. The discussion touched upon the question of the long-term consequences of the critical "turn" of the early 1980's, the impediment of economic growth, the growing exploitation, the narrowing of the sphere of sociopolitical maneuvering for the local ruling circles, the striving of imperialism (the U.S. above all) to use the methods of political and even military pressure. The putting forward of the question of serious technological and structural reshaping and its consequences for the centers and periphery of the world capitalist economy also deserves attention.

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## CHANCES FOR REVIVAL OF DETENTE WEIGHED ON CSCE JUBILEE

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 85 (signed to press 15 Jul 85) pp 3-14

[Article by A. Lebedev: "The Imperatives of Helsinki"]

The present year is rich in important political anniversaries. The main one is undoubtedly the 40th anniversary of the Great Victory over German fascism and Japanese militarism. May was the 30th anniversary of the formation of the Warsaw Pact, which has been extended by the unanimous decision of its participants. The 10th anniversary of the signing of the Final Act of the historic Conference on Security and Cooperation in Europe [CSCE] will be commemorated on 1 August.

Anniversaries of other important events also have been and will be commemorated, but the above-mentioned ones are in the forefront precisely because between them is not a chance temporal coincidence but a profound organic connection. After all, the true purpose of any political anniversary is to comprehend it anew from the standpoints both of the present day and the future, comprehensively evaluate the significance of the given event and recognize once again the deep-lying essence of the lessons which have been and which are constantly being learned.

### I

It is from this angle that we view such a major landmark in the history of international relations as the meeting in July-August 1975 of the top leaders of 33 European states and the United States and Canada. The Final Act which they signed was a genuine embodiment of the age-old cherished aspirations of the European peoples, and not only European. It is a question of a document which is truly unprecedented in the history of international relations in which the interests of all its participants are balanced. States belonging to opposite social systems and with different historical and national traditions agreed to build their relations on the basis of specifically determined rules. It was with good reason that the Final Act came to be called the "charter of peaceful coexistence" and the "code of detente".

The 10 fundamental principles of relations between states recorded in this document are essentially nothing other than the enshrinement in international law of the principles of the coexistence of states with different social systems which V.I. Lenin put forward in the very first days of October. However, at that time the class hatred and unconcealed hostility of the capitalist West prevented the weight of obligatory rules of interstate relations being imparted to these principles.

The same class blindness and political narrowness of the leaders of bourgeois states prevented in the 1930's the creation of a collective security system in Europe, for which the Soviet Union had struggled tirelessly and persistently. The ruling circles of the Western powers also stubbornly ignored the numerous Soviet proposals pertaining to disarmament measures--both all-embracing and of a partial nature.

The price which the peoples paid for the policy of the leaders of the West, which was imbued with class blindness on the eve of WWII, paid in tens of millions of casualties and seas of blood, is truly immeasurable. But it at least seemed at that time that the necessary lessons had been learned: the cooperation of the powers of the anti-Hitler coalition was a striking example of the possibility of and need for the close alliance of the peoples, regardless of their chosen social arrangement, in the struggle against the common threat to all mankind of fascism.

The historic significance of the lessons of the joint struggle and victory over forces which had proclaimed as their credo misanthropy, racism and world domination could in no way have been left without trace even under the conditions of the cold war which had been unleashed by the West's imperialist circles and which was conducted under the banners of the "from a position of strength" policy, the "rolling back communism" and "massive retribution" doctrines and so forth.

World development sooner or later had to bring the ruling circles of capitalist countries to a recognition of postwar international-political realities. The recognition--albeit belated--of these realities, which was convincingly underpinned by the socialist community's achievement of approximate military-strategic parity with the West, created favorable prerequisites for the accords which are permanent from a historical viewpoint and which were arrived at 10 years in Helsinki. In fact, for the first time in the centuries-old history of the continent, which had constantly been rent by wars big and small for the purpose of a recarving of borders--from the 100 Years, 30 Years and 7 Years wars through the two global cataclysms which exploded on its territory--it was possible to lay the foundations of genuine peace, security and mutually profitable cooperation.

The conference in Helsinki was undoubtedly the fruit of the common efforts of states of East and West. And the Final Act would never have seen the light of day without the existence of good will on both sides and without an accommodating approach toward one another. At the same time, however, it is also an indisputable fact that the initiative for the convening of such a forum came from East Europe--it was advanced by the Warsaw Pact states.

The results of the All-European Conference and the entire set of Helsinki accords marked a victory for realism, prudence and common sense in international politics. The principles of relations between states enshrined in the Final Act undoubtedly make it possible to create a firm foundation of security on the European continent. In addition, they could serve as a model for other regions of the world also. Given strict, conscientious observance of the given principles by all states, of course.

For the first time in world politics an international document incorporated an entire set of rules of the behavior of the states which signed it. Specifically it is a question of the following: sovereign equality, nonuse or the threat of force, inviolability of borders, states' territorial integrity, the peaceful settlement of disputes, noninterference in internal affairs, respect for human rights and basic liberties, the equality and right of the peoples to dispose of their own fate, cooperation between states and conscientious fulfillment of obligations per international law. Besides this, the conferees drew up a document on confidence-building measures and certain aspects of security and disarmament, which became an integral part of the Final Act.

In other words, the interests of all the conferees, irrespective of whether they were socialist or capitalist states, members of the Warsaw Pact or NATO or neutral and nonaligned, were considered to the optimum extent in Helsinki. And all sections of the Final Act, furthermore, are of equal value and force and should only be examined in close and inseparable interconnection, the emphasis not being put on this section or the other arbitrarily and individual formulas and provisions being taken out of the general context.

The Helsinki accords enshrined the political-territorial realities in Europe which had taken shape as a result both of WWII (they had been recorded in the Yalta and Potsdam agreements) and postwar development. This created the necessary foundation for extensive mutually profitable cooperation in the most diverse spheres--the economy, education, culture, power engineering and environmental conservation. The conference also opened the way for practical measures in supplementing political detente with military detente.

Turning to the postwar past helps us once again fittingly evaluate from the standpoints of today the scale and significance of the efforts expended on starting the engine of the all-European process and imparting the necessary speed to movement along the path of detente. It is also important for understanding why the motor of detente has begun to misfire.

A reservation has to be made at once here: no, the engine has not died, but is not operating at the speed and as smoothly as might be wished. The political forces hostile toward detente have not succeeded in blowing up the edifice thereof which was put up in the 1970's. Were there to be good will for this in the West, it would be possible by common efforts to remove the fractures and rifts which have come about and to embark on the erection of new stages of the edifice of European peace.

H. Schmidt once said that for peaceful coexistence military balance is not enough--detente is needed. We have to agree. And as a minimum there should be no playing with fire, breaking up the evolved balance, hoping to acquire

military superiority and simultaneously trying to expunge the very concept of detente from the political lexicon and, what is most important, from people's minds and consciousness.

## II

To which forces was the all-European process so distasteful that hardly had the ink of the signatures of the Final Act dried than they were unleashing a concentrated offensive against it? Of course, primarily U.S. militarist circles, which had never abandoned their hegemonist pretensions. But the West European leaders who supported the decision on the "rearming" of NATO and made their states' territory available for the American Pershing 2's and cruise missiles bear their share of the blame.

It was not surprising that the first icy gusts of wind blew precisely from across the Atlantic. Strictly speaking, backstage and sometimes open resistance to the policy of detente and the Soviet-American agreements, as the rapprochement between East and West Europe also, never ceased there and became increasingly strong as the number of specific accords, in whatever sphere--limitation of this type of arms or the other, trade, cultural, scientific and humanitarian exchange--increased.

True, the situation on the eve and at the outset of the 1970's was not that favorable for the militarist forces: the "Vietnam syndrome," serious economic upheavals, the strengthening of the West European imperialist center and, correspondingly, the exacerbation of contradictions between it and the USSR and the Warsaw Pact, which had gained approximate military-strategic parity with the United States and NATO. All this, particularly the latter fact, curbed the flagrantly aggressive, militarist circles, which, however, were building up their forces and purposefully preparing for a switch to the counteroffensive with the aid of any means and pretexts. An anti-Soviet and anticommunist campaign began to be fanned with growing hysteria. A hostile atmosphere was inflamed around Afghanistan and Poland.

It is appropriate to recall in this connection that the decision on the deployment of American intermediate-range nuclear missiles in West Europe had been prepared long before the said events. Gen B. Rogers, commander of NATO Joint Armed Forces Europe, declared absolutely candidly that the American missiles would have been deployed in any event, irrespective of the Soviet SS-20 missiles. The NATO leadership's decision on so-called "rearmament" was a delayed-action bomb placed beneath the edifice of detente and European security: after all, it was a question of the deployment at the threshold of the USSR and the other Warsaw Pact countries of first-strike nuclear weapons.

This decision was made in combination with other threatening actions of the United States and NATO. As is known, back in 1976 the Warsaw Pact countries had proposed to all participants in the All-European Conference the signing of a treaty renouncing first use of nuclear weapons and sent them the corresponding draft. NATO rejected this document, employing the false proposition that the Warsaw Pact was superior to the North Atlantic bloc in conventional arms.



And although objective data, including those of such authoritative establishments as the London International Institute of Strategic Studies, repeatedly confirmed the existence of approximate balance between the two military alliances, in March 1979 the Warsaw Pact states took a further step toward accommodating the West. They proposed to the NATO countries renunciation of the first use not only of nuclear but of conventional arms also. In other words, it was a question of the conclusion between the participants in the All-European Conference of a kind of nonaggression pact. However, the NATO leaders gave no positive answer to this initiative either.

More, the United States began to flagrantly break off the bilateral agreements with the Soviet Union in the sphere of trade, scientific and cultural relations and sport and every conceivable type of boycott and "sanction" was set in motion. Washington declared "psychological warfare" against the USSR and its allies, proclaimed a "crusade" against communism and began a hysterical campaign in connection with imaginary "human rights'" violations in the socialist countries. The implementation of giant-scale aggressive military programs began simultaneously.

All this testified to the abrupt turnabout in U.S. and NATO policy which had occurred as a result of the fact that the ascendancy in American ruling circles had been gained by aggressive forces, proteges of the military-industrial complex and representatives of the ultrareactionary part of the financial oligarchy. These forces could not reconcile themselves to detente. And if they had not been successful in preventing the convening of the All-European Conference, they resolved to emasculate the content of the accords achieved in Helsinki and distort their true meaning. It was precisely by detente that they attempted to "explain" the decline in the United States' influence in the world arena, the successes of the national liberation movement, the growth of the authority of world socialism, the increased attraction of its ideology and policy and, correspondingly, the progressive change in the global correlation of forces to the detriment of imperialism and in favor of peace and social progress.

Circles of the extreme right feared something else also--the upsurge of the antiwar movement in the United States and West Europe and on other continents and, finally, the increased thirst of the West European allies, which had increasingly declined to submit to the diktat of the U.S. Administration, for the pursuit of a foreign policy course more independent of the United States. In a word, Washington had evidently decided that it was time to "bring order to bear". A course was set toward unabashed hegemonism and the securing of the United States' military superiority and, as a result, political and economic world domination. This line was manifested particularly distinctly with the occupancy of the White House of R. Reagan and his entourage of proteges of the military-industrial complex and politicians blinded by pathological anticommunism and prepared to go along with the most dangerous adventures.

Of course, even given all the cynicism of such figures, they nonetheless required some propagandist "moral" cover for the purpose of discrediting detente in the eyes of public opinion. This was necessary also to persuade the leaders of West European states of the "need" for the increased aggressiveness of Washington's policy. Several propaganda stereotypes were launched. One of them was that detente was a "one-way street," which the USSR and its allies used to



strengthen their political positions in the world and also for spurting ahead in the military sphere; the USSR, it was said, had just about overtaken the United States here, while the latter had been displaying "restraint".

The facts, however, convincingly refute such inventions. All the USSR's defense measures have been and continue to be confined to an endeavor to preserve approximate equality and maintain it in the interests of its own security and the security of its allies and peace in the world. Washington's attempts, on the other hand, to play the part of "innocence betrayed" are risible, at the very least. This is what THE NEW YORK TIMES wrote in connection with the United States' "lag" in the military sphere: "If words have any meaning at all, this claim is nonsense. In the 1970's the United States added 5,000 nuclear warheads to its existing strategic arsenals, built the Trident 1 and Trident 2 and manufactured cruise missiles. Assessing the facts, no rational person could say that we have unilaterally disarmed."

If some people were indeed hoping to turn detente into a "one-way street," it was those who from the very outset had regarded the all-European process as a "necessary evil". And if it had to be suffered, then only on the basis of allowing traffic along the "Helsinki street" exclusively in a West-East direction, that is, using certain provisions of the Third Section of the Final Act (cooperation in the humanitarian and other spheres) as a channel of ideological-political penetration of the socialist countries in the illusory hope of shaking their community by "peaceful means".

When, however, neither the attempts to entangle the socialist countries in a financial-economic web nor the "compliments" and "praise" which had been differentiatedly lavished on them produced the desired results, world reaction was gripped by serious concern: what, then, was the point of detente? Its plans to use detente in its own interests had manifestly collapsed. And, as if on command, absurd charges came to be heard against the socialist countries that, having taken advantage of the West's "equability," they were setting up their bases in various parts of the world. The fact that such accusations were heard precisely from Washington, which has encircled the socialist countries with hundreds of its military bases, is making incessant threats against Cuba, is preparing an armed invasion of Nicaragua, carried out the brazen intervention against Grenada, is waging an undeclared war against Afghanistan and so forth, may be termed the height of cynicism. Incidentally, such actions are in flagrant contradiction with the provisions of the Final Act and the principles of the peaceful coexistence of states with different social systems.

As can be seen, some people across the Atlantic, while demanding of the socialist countries "restraint," essentially intended simply forcing them to renounce support of the national and social liberation movements and to deprive the peoples of the right to choose their own path. But such calculations were not justified either. It was not to be expected otherwise since the fundamental principles of Soviet foreign policy--peaceful coexistence and proletarian, socialist internationalism--remain invariable and do not depend on any international market conditions.

The failure of the plans which certain circles in the West linked with detente they attempted to portray virtually as the "perfidy and cunning" of the USSR and its allies. On the pretext of "repudiating the euphoria" allegedly engendered in the West by detente they began to attack the very essence of it and assail the multilateral and bilateral mutually profitable agreements which had been concluded in the course of the all-European process. They speculated to the utmost here on the proposition concerning the "indivisibility of detente". It was asserted, for example, that there could be no genuine detente in Europe at all as long as there were conflicts and continued tension in various parts of the world.

We would recall in this connection that the proposition concerning the indivisibility of peace was first put forward by Soviet diplomacy back in the 1930's, in a situation where the German fascists had begun to ignite conflicts in Europe, and the Japanese militarists in the Far East.

Today, in the era of the scientific-technical revolution, all countries and continents have approached so closely to one another that what is happening in one part of the world cannot fail to be reflected in the state of affairs worldwide and in this region or the other. But this is no reason to turn the proposition concerning the indivisibility of peace into a tool of dishonest policy. Waging the "dirty war" against Vietnam, the United States did not expatiate much on the subject of the "indivisibility of detente" when it sat down at the SALT table with the USSR. At the same time, however, the Soviet Union, while fulfilling its international commitments in respect of the heroic Vietnamese people, deemed it necessary in the interests of all peoples and in the name of international security to do the maximum possible to ease tension and elaborate and implement practical measures for the purpose of curbing the arms race.

Detente presupposes a high sense of responsibility in leading politicians and requires the adoption of considered decisions based on a comprehensive consideration of the consequences of their actions. And the situation in the world in the 1980's could appear quite different if those who determine the policy of the United States and NATO display good will toward the establishment of truly equal relations between the peoples. This would make it possible to start a new chapter in the history of both international and European security.

### III

The possibility of starting such a new chapter undoubtedly exists. More, this is sorely needed since not only Europe but all mankind also are experiencing a critical moment, the situation in the world is too tense and the clouds looming on the world's political horizon are too menacing. As far as the Soviet Union is concerned, its aspiration to proceed along the path of detente and a further strengthening of European and international security is invariable. This line was confirmed by the 26th CPSU Congress in the Peace Program for the 1980's which it adopted and subsequent CPSU Central Committee plenums. It is being implemented by the party and government as they prepare for the 27th congress.

In the report at the CPSU Central Committee April (1985) Plenum M.S. Gorbachev declared: "The Politburo proceeds from the fact that the interstate documents of the period of the relaxation of tension, including the Helsinki Final Act, have not lost their significance. They represent an example of how international relations may be built if people are guided by the principles of equality and equal security and the realities which have taken shape in the world and if they do not aspire to any advantages but seek mutually acceptable solutions and accords. It would seem that in connection with the 10th anniversary of the CSCE it would be useful for the will to once again be expressed in Helsinki on behalf of the states which signed the Final Act for the surmounting of the dangerous tension and the development of peaceful cooperation and constructive principles in international life."

Unfortunately, displays of genuine good will are not as yet to be seen on Washington's part. True, formal assurances of a love of peace are uttered periodically. Certain allegedly "detente" signals are being emitted from NATO Headquarters and attempts are being made to lull the public with the fact that Soviet-American negotiations are under way in Geneva and that, consequently, there is no cause for concern.

What is the actual state of affairs? Indicative in this connection is how the 40th anniversary of the Great Victory was commemorated in different countries. On the pretext that it was tactless, it was said, "to offend the Germans" (which Germans did they actually have in mind?) by reminding them of the "grim past," the United States and some of its allies expended much effort to distort the true content of the Yalta and Potsdam agreements as allegedly having given rise to the "division of Europe" and the "division of Germany"

The talk that has been stimulated recently concerning the "open nature" of the "German question" and the need for an end to be put to the so-called "Yalta division of Europe" has given rise to perfectly understandable concern not only among the FRG's eastern neighbors but in other European countries also. Many prominent politicians of the West, in the FRG itself included, are pointing to the danger of the "pan-German" (and to call things by their proper name--revanchist) sentiments. And U.S. ruling circles' actual encouragement of the forces encroaching upon the postwar territorial-political and sociopolitical realities in Europe is highly irresponsible, particularly in the light of the fundamental principles of interstate relations proclaimed in the Helsinki Final Act. The policy of breaking up the arrangement of Europe which took shape as a result of the war and postwar development is extremely dangerous, regardless of whether it is a question of attempts to take territorial or social revenge.

There is one further aspect of such a course, namely, imparting to the integration processes occurring in West Europe military-political forms beneficial to Washington and directing them into the necessary channel. More simply, against the USSR and its allies, Z. Brzezinski, well-known specialist in "subversive work" in the detente sphere, systematically presents specific ideas in this connection. His plan is aimed at, first, neutralizing the strengthening mood of distrust of the United States in West Europe and, frequently, open protest against its militarist policy and, second, setting an integrated capitalist West Europe against socialist East Europe. "The historical correlation of forces in Europe," he pontificates, "may change to the West's advantage only when the USSR is opposed west of the Elbe not so much by the United States as Europe itself" (he means West Europe--A.L.).



Such is one of the various American outlines of the "systems" of European security. The artificial counterposing of the Yalta and Potsdam agreements to the Helsinki Final Act also serves as an element of such "historical guile". The manifest far-fetched nature of such a formulation of the question ensues if only from the recognition--and not only in East but in West Europe also--of the fact that there is no nor could there be any contradiction between Yalta and Potsdam on the one hand and Helsinki on the other. The Final Act of the All-European Conference logically ensues from and confirms the allied agreements of the war period and conclusively enshrines the arrangement of Europe which took shape after the war.

A notable statement was made by FRG Foreign Minister H.-D. Genscher. Pointing out that his country should proceed in its efforts in the direction toward "new lasting detente" from the Helsinki Final Act and other positive results of the policy of the 1970's, he noted that a "third dimension"--space--had now emerged for detente. Considering this, Genscher said, "it is impossible to pursue a policy of detente on Earth and simultaneously an arms race in space." We have to agree. It is in this spirit that the Soviet Union is acting in calling for a halt to the deadly arms race on Earth and the prevention of such unfolding in space. Such a position is dictated not by weakness and not by the "technological lag" or "narrowness" of our country's military-economic potential. The USSR is of course capable of accepting this challenge also and duly responding to it. However, it is appealing to Washington to act in considered and responsible fashion in the name of the preservation of mankind.

It is not "international communism," as the ideologists of reaction repeat over and over, which lays claim to world domination. It is imperialism headed by the United States which aspires to subordinate the peoples to its will. The ideological disagreements which objectively exist are being transferred to the sphere of relations between states. "The Reagan administration," A. Schlesinger wrote in the journal FOREIGN AFFAIRS, "sees the world not through the prism of historical experience but ideology," taking as the basis the premise that "the United States is infinitely virtuous, and the Soviet Union infinitely immoral."

As is known, the historic conference in Helsinki initiated the all-European process. This process arose for the reason that the participating states succeeded in rising above class interests in the name of universal goals and for the sake of ensuring peace and preserving and further developing civilization in Europe and throughout the world. The problem, however, is that the United States, under the influence of forces incapable of overcoming the narrow-class approach in international affairs, is continuing to pursue in the world arena an avowedly anticommunist, antisocialist policy, remains deaf to all appeals and is acting contrary to common sense.

Of course, this could not have failed to have been reflected in fulfillment of the program for the development of the all-European process which was outlined in Helsinki. At the Belgrade meeting of representatives of the countries which participated in the conference in 1977-1978 the delegations of the United States and some of its allies attempted to take advantage of the discussion of human rights issues and the so-called "third basket" to actually disrupt this process. And if they did not succeed, it was only thanks to the perseverance, patience and forbearance of the socialist and also a number of neutral and nonaligned states.

Although militarist, adventurist circles have been able to poison the atmosphere of detente which took shape in the 1970's, they have been unable to halt the movement of the all-European process, which has been progressive, on the whole. Thus realization of the bilateral long-term programs of cooperation between the USSR and the other socialist countries on the one hand and the West European states on the other has continued. And this despite the numerous obstacles created by Washington and in defiance of the crude shouts and threats which have emanated from there. For example, from 1975 through 1983 commodity turnover between the West European countries and the European CEMA states almost doubled. Multilateral cooperation in the environmental conservation sphere and in other spheres has developed--and quite efficiently.

The "spirit of Helsinki" has proven its vitality. This is most convincing evidence that the tremendous efforts expended on the creation of a firm foundation of European peace were not in vain.

#### IV

Our optimism and confidence in the future is based on many factors. Primarily they are based on the mighty defense and economic potential of the USSR and the entire socialist community, which is reliably protecting the gains of socialism against imperialist encroachments. The Soviet Union has never aspired and does not now aspire to military superiority, but under no circumstances will it permit anyone to have superiority over it. The foreign policy of socialism is increasingly showing itself to be a most important factor of peace. Thanks to the active diplomacy of the USSR and its allies, it has repeatedly been possible to ward off from mankind the seemingly mortal threat hanging over it. The dozens of major peace-loving initiatives put forward by the Soviet Union in recent years alone have invariably won support among the broadest strata of the public in the capitalist countries and are in unison with the demands of the antiwar, antinuclear movement.

And this is entirely understandable: after all, it was precisely our country, despite the international situation, which had become complicated at the start of the 1980's, which adopted a bold initiative, solemnly undertaking not to be the first to use nuclear weapons. It was it which came out with the initiative of freeing Europe of both intermediate-range and tactical nuclear weapons. It was the Soviet Union which called for the liquidation of chemical weapons on the European continent. It has also responded positively to the proposals of other states, particularly concerning a freezing of nuclear arsenals at the present quantitative and qualitative levels and the creation of nuclear-free zones in North Europe, in the Balkans and in the center of Europe--zones free of battlefield nuclear weapons.

At the Vienna talks on a mutual reduction in armed forces and armaments the GDR, Polish, USSR and CSSR delegations submitted the draft "Basic Provisions of an Agreement on an Initial Reduction by the Soviet Union and the United States of Ground Forces and Arms in Central Europe and No Subsequent Increase in the Levels of the Sides' Armed Forces and Armaments in this Region," which took a new step toward accommodating the West. Within a year of the agreement coming into force ground forces of the USSR and the United States in Central Europe



would be reduced by 20,000 and 13,000 men respectively in combat military units with their authorized arms and combat equipment, and individual servicemen would constitute up to 10 percent of such reductions, furthermore.

Wishing to contribute to moving the negotiations in Geneva forward, the USSR announced a unilateral moratorium on the deployment of intermediate-range missiles until November 1985 and also other measures in Europe adopted in response to the deployment of the American Pershings and cruise missiles. It proposed a moratorium on the development and testing of space weapons for the period of the Geneva negotiations. Back in 1983 the Soviet Union declared that it would not put antisatellite systems in space as long as others did not.

And, finally, at the Stockholm Conference on Confidence-Building Measures and Security and Disarmament in Europe, which is a direct continuation of the Helsinki process, the socialist countries have put forward a whole set of major initiatives leading to military detente on the European continent. They provide for the adoption by the nuclear powers, in accordance with the USSR's example, of a commitment on no first use of nuclear weapons; the conclusion of a treaty on the mutual nonuse of military force and the maintenance of relations of peace between states; no increase and a reduction in military spending; the freeing of Europe from chemical weapons; assistance in the creation of nuclear-free zones in various parts of the continent; and the elaboration of supplementary confidence-building measures in development of the provisions of the Helsinki Final Act such as limitation of the scale of military exercises, prior notification of large-scale military exercises by the army, air force and navy and prior notification of large-scale troop movements and transfers. The working paper "Basic Provisions of a Treaty on the Mutual Nonuse of Military Force and the Maintenance of Relations of Peace" was submitted also.

However, the West, particularly the leading NATO states, continues to occupy a negative position on all these constructive initiatives. For its part, it is putting forward with a persistence worthy of a better application plans aimed at "X-raying" military targets on Soviet territory right up to the Urals, leaving the territory of the United States itself behind an impenetrable curtain here.

In May 1985 the Soviet Union and the other socialist countries submitted new specific and realistic proposals which develop and detail their previous initiatives concerning notification of large-scale military exercises. The USSR has always been ready to also discuss any counter-ideas, as long as they provide for effective measures to curb the arms race and not serve as camouflage for the further spiraling thereof. The sole condition which the USSR makes of all accords in the sphere of arms limitation and reduction and disarmament is strict observance of the principle of equality and equal security. It is prepared for any constructive dialogue and has repeatedly proven its good will.

Such a dialogue is now under way. It has developed particularly intensively in recent months. Displaying justified concern at the situation that has come about on the European continent, the leaders of many Western countries are coming to the conclusion that only a return to detente can open a real path to the solution of the acute problems of security and also the development of mutually profitable cooperation, particularly in the sphere of the economy, power engineering, preservation of the biosphere and so forth.

A turn away from confrontation toward detente is being demanded by the antiwar and antinuclear organizations. A pronounced role in the mobilization of public opinion is being performed by the International Committee for European Security and Cooperation. On the initiative of the committee, in whose work many prominent politicians participate, broadly representative gatherings and other forums have already assembled repeatedly.

The Soviet Union has invariably responded positively to all fruitful ideas of public forces on problems of security and cooperation on the European continent. The attitude toward such initiatives on the part of many Western leaders is directly opposite. They either shrug them aside or portray such demonstrations as the result of the "communists' intrigues".

Communists are undoubtedly in the front ranks of those drawing the peoples' attention to the dangers threatening peace in Europe and throughout the world. They are fully aware of their responsibility for the fate of mankind and the significance of the historic mission which has fallen to their lot, namely, preserving the Earth from annihilation. After all, the ideology of communism is the ideology of peace, without which social progress is impossible. So there is not nor could there be here any contradiction between world outlook and foreign policy.

And it is perfectly natural that communists consider as their allies all those who advocate the removal of the nuclear threat and an end to the arms race. Marxist-Leninists are free of ideological blinders which would prevent their joint actions with forces of the widest political spectrum--socialists and social democrats, Christian democrats, conservatives, ecologists and representatives of various religious beliefs. The main thing is to ensure that such actions--common or in parallel--be geared to the removal of the threat of global catastrophe.

We have had and will have differences in the ideological plane, M.S. Gorbachev noted, addressing Socialist International President W. Brandt at a meeting in Moscow on 27 May 1985. But they should not prevent the interaction of communists and social democrats on the main, most acute problems of the present day. In turn, W. Brandt declared that "the different positions on the question of social systems and political arrangements should not impede us in a new undertaking designed to make detente irreversible."

This is to what the Soviet Union and other fraternal countries aspire. Many Western politicians are beginning to perceive increasingly keenly the need to lend new impetus to contacts all along the line, particularly to dialogue at the top level. And this is already producing certain practical results. There has been a useful exchange of opinions between M.S. Gorbachev and a whole number of leaders of West European states, the United States and Canada. M.S. Gorbachev's forthcoming meetings in October and November 1985 with the presidents of France and the United States have been announced. As Italian Prime Minister B. Craxi declared in Moscow in May 1985, "it is important to ensure continuity of the CSCE process in all its components...."

Of course, on both sides of the Atlantic there are forces which both support and oppose detente. There are in West Europe, perhaps, increasingly more of those in favor, and they have considerable influence and recognize the importance of detente for the security of their countries.

Of course, in the positions of the Western states which signed the Final Act 10 years ago there are considerable differences in approach to questions of detente and disarmament. They were also ascertained sufficiently clearly in the course of A.A. Gromyko's meetings in May 1985 in Vienna with the foreign ministers of a number of countries who had gathered on the 30th anniversary of the signing of the State Treaty on the Restoration of an Independent and Democratic Austria--a document which had gone down in history as a striking example of the possibility of the fruitful cooperation of states with different social systems.

The overwhelming majority of West European leaders, to judge by their official statements, are appealing to Washington not to move toward a violation of the provisions of the SALT II Treaty and the Treaty Limiting ABM Systems. At the same time, on the other hand, they are closing their eyes to the specific U.S. actions which are actually undermining the Soviet-American agreements. It is also the case that certain West European circles are, without any grounds for this, placing equal responsibility for the arms race on the United States and the USSR.

As a whole, the present picture of the world is highly complex and contradictory. Nonetheless, in spite of all the barriers, a trend toward realism in policy has once again been strengthening in the recent period.

The 10th anniversary of the CSCE is not simply a reminder of a large-scale historical event. It could be an important point of departure for a new stage of all-European development and further specific measures in this direction. "The 10th anniversary of the signing in Helsinki of the Final Act of the All-European Conference, which falls due on 1 August," M.S. Gorbachev declared, "should, we believe, pass under the sign of the restoration and extension of the detente process. The historic significance of this document, which is imbued with the spirit of detente, should be confirmed by a joint action of the participating states."

Detente cannot be buried or canceled merely because it is contrary to the will of world reaction. The cherished hopes of the peoples, the broadest public groups of different political views and people of opposite philosophies are combined in detente for it corresponds to the realities of the modern world. Here lie the sources of its vitality.

The all-European process is developing, and many landmarks thereof have taken shape today even. Thus a "cultural forum" will be held this year in Budapest, a meeting to sum up work in the sphere of military detente will be held at the start of 1986 in Vienna and a meeting of experts to discuss contacts between people is planned for 1986 in Berne.

Changes are outlined in relations between CEMA and the EEC. As far as the Soviet leadership is concerned, it has expressed itself perfectly definitely in favor of the establishment of mutually profitable relations between these very big economic organizations of the continent for an improvement in the state of affairs in Europe as a whole. To the extent that the EEC countries act as a "political unit" the Soviet side is prepared to seek a common language with it on specific international problems also.

The experience of detente and cooperation which has been accumulated in Europe could be applied to advantage in other parts of the world, primarily in Asia. If we are speaking, on the other hand, of a return to detente on a global, world scale, it is gratifying that its infrastructure has basically been preserved. It is now necessary to think in the categories and in terms of the prospects of the 21st century. The majority of signed and planned agreements in various spheres is addressed to the next century. All this places colossal political responsibility on the leaders of the states which participated in the All-European Conference. And it is now more important than ever--and urgent, what is more--to demonstrate in practice the degree of understanding of this responsibility.

Clearly, good will should be displayed to an equal extent on both sides. As far as the Soviet Union is concerned, it is always ready to cover its half of the path and display the necessary flexibility and constructiveness. For the further development of the all-European process corresponds to the cherished aspirations of all peoples of our continent and international security as a whole.

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## TIKHOVINSKIY ON U.S. UK PERFDY AT POTSDAM CONFERENCE

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8,  
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[Article by Academician S. Tikhvinskiy: "Potsdam: Contours of the Postwar World"]

[Text] When, on 17 July 1945, the heads of the allied powers gathered in Babelsberg, in the hall of the Cecilienhof Palace, the outcome of WWII had already been decided. It was now necessary to enshrine in the austere wording of diplomatic documents--treaties, protocols, communiques--the results of the heroic martial exploit of Soviet fighters and the soldiers of the other powers of the anti-Hitler coalition. The problem of the postwar settlement was the most acute and significant of all those on the agenda at that time.

Having experienced the grimmest trials, the peoples of the world hoped for changes for the better in peaceful life--smashing of the enemy had implanted in their hearts hopes for social renewal. They did not want a return of the world in which crisis and the "great depression" had robbed of a livelihood millions of working people, which had permitted fascism to come to power in Italy, Germany and Spain and in which British, American and French politicians had condemned to death the republicans of Spain and the patriots of Abyssinia and calmly watched the Hitlerites enslave Austria, Czechoslovakia and Poland and the Japanese militarists capture provinces of China bit by bit. This was why mankind perceived with inspiration and hope all efforts aimed at a change in the appearance of the world.

Questions of the postwar settlement had already been examined at the historic meeting of the leaders of the three powers of the anti-Hitler coalition--Tehran and the Crimea--and at diplomatic conferences in Moscow, Dumbarton Oaks and San Francisco. The task of the final determination of the contours of the future Europe and the whole world and the fate of prostrated fascist Germany brought about the need for one more top-level meeting, which on this occasion was held in Potsdam.

The Berlin or Potsdam conference occupies a special place among the diplomatic meetings of the period of WWII. It was held just over 2 months following Germany's surrender, and it was fated to be the last meeting of the leaders of the anti-Hitler coalition. The "Big Three" meeting in Potsdam differed in content from the Tehran and Yalta meetings. The United States was represented

now not by F. Roosevelt but H. Truman, while the British delegation was headed by W. Churchill only at the first part of the conference. Following the defeat of the Conservative Party at the British general election, he was replaced as of 28 July by the Labor Party leader C. Attlee.

But it was not only these circumstances which determined the distinctiveness of the Berlin Conference. At W. Churchill's suggestion it was codenamed "Terminal" ("end station"), which proved prophetic both literally and in the broad political sense. Only a comparatively short time remained before Churchill's public speech in Fulton, which showed visibly that at the culminating stage of the war in Europe even the leaders of the Western powers had set course toward rejection of a policy of cooperation with the Soviet state and toward the spurring of tension in relations with the USSR and complication of the international situation. This turnabout logically ensued from the negative trends in the policy of Great Britain and the United States, which had been manifested even in the war years which were most difficult for us. It had been a question, in particular, of the allies' approach to the question of a "second front," arms supplies to the Soviet Union and so forth. We may also recall the shameful instances of negotiations between American and German representatives in Switzerland, the British forces' annihilation of the liberators of Greece--the ELAS detachments--and much else.

The representatives of the imperialist bourgeoisie who had been in office in the United States and Great Britain in the war period were sufficiently commonsensical to understand the historical inevitability of the military alliance with the USSR, but continued to be of an anti-Soviet and anticommunist mind here. London and Washington based their calculations not simply on the smashing of fascism: they aspired to the weakening or liquidation of Germany as an imperialist competitor and simultaneously to the weakening of the Soviet Union. Achieving their world hegemony--such was the set goal. It was for this reason that the combat successes of the Red Army were perceived with growing alarm in certain circles in the West.

The fact that the victorious and devastating rout of Hitler Germany was accomplished basically by the forces precisely of the Soviet Union and that as a result our country had become a mighty and authoritative world power which had earned the respect and gratitude of all peoples could in no way have been to the liking of the ruling circles of the Western powers. They began to study the possibility of using defeated Germany as a counterweight to the Soviet Union in Europe. Furthermore, the new U.S. leader--President H. Truman--did not conceal his exceptional hostility toward the USSR and toward socialism. While still a senator, in the most difficult days for our country of 1941 he cynically expressed the hope that the Soviet Union would bleed to death in single combat with fascist Germany.<sup>1</sup> Shortly after his assumption of office Truman declared that the "Russians" should be "put in their place," and "the United States assume leadership of the world's development along the path by which it should be led." These hopes were kindled primarily by the faith in the atomic bomb as the American "wonder weapon".

It is significant that it was planned to time the test of the first atomic device for the opening of the Berlin Conference. The United States calculated that the possession of atomic weapons would enable it to put pressure on the Soviet Union for the purpose of achieving for itself the dominating positions in

the solution of the problems of the postwar settlement. However, by the time of the opening of the conference the test of the atomic device had been delayed, and for this reason H. Truman tried in every way possible to postpone the start of the meeting. "When I was forced to go to Europe...", he wrote in his memoirs, "I was anxiously awaiting news of the results of the tests."<sup>2</sup>

Washington's hopes of stunning the Soviet delegation in Potsdam with news of the appearance in its country of atomic weapons and forcing the USSR to bow to American power were not justified. On the eighth day of the conference, on 24 July, the President informed I.V. Stalin in passing, as it were, of the test of a new American weapon of great destructive power which the United States intended using against Japan. Having thanked him for the information, I.V. Stalin refrained from any questions seeking clarification. As a result H. Truman got the impression that the head of the Soviet delegation had not properly grasped the significance of the information which had been communicated to him. But the President was deceived. Informing V.M. Molotov of this conversation, I.V. Stalin emphasized the need to speed up the work that had already started in our country on creating its own atomic weapon.<sup>3</sup>

In July 1945 the ruling circles of the United States and Great Britain were no longer interested in the Soviet Union as a state which had borne the brunt of the struggle against German fascism. Now they intended reducing to the minimum the fruits of the victory of Soviet arms in Europe, counterposing to the USSR a united front of Western powers and imposing on it their version of the postwar arrangement of the world. Thus the conditions in which the negotiations in Potsdam began and were conducted were considerably less conducive to the achievement of mutually acceptable agreements than in, say, Tehran or Yalta.

An attentive and precise consideration of all international factors was demanded of Soviet diplomacy in order for it to firmly defend the interests of its state. The special place of the Berlin Conference in the foreign policy history of WWII is determined precisely by the fact that the goals which it had been set were achieved in spite of the increased negative trends in the policy of the United States and Great Britain. It is difficult to exaggerate the significance of the Potsdam decisions. They influenced most appreciably the subsequent peace settlement and the development of all postwar international life right up to our day and made it considerably more difficult for imperialism, primarily U.S. imperialism, to realize its aggressive, expansionist plans.

The line of the leaders of Great Britain and the United States aimed at political confrontation with the Soviet Union, as far as a denial of many of the accords which had been arrived at earlier in Yalta, was manifested most strikingly in their approach to the main problems confronting the participants in the meeting in Potsdam: the fate of Germany, the borders and internal arrangement of Poland and regulation of relations with the Third Reich's former allies in Europe. Nonetheless, the Soviet delegation succeeded in implementing its principled line.

It was decided in respect of Germany that it should be administered by zones of occupation determined by the European Consultative Commission, which had been set up at the Moscow conference of foreign ministers of the USSR, the United

States and Great Britain in 1943 to coordinate questions of the postwar settlement in Europe. The main attention in Potsdam was paid to the political principles of dealing with Germany, the determination of its eastern border and also the question of exacting reparations from it and the division among the allied powers of the German merchant fleet and navy. The democratization of the country's political life, "the complete disarmament and demilitarization of Germany and the liquidation of all German industry which could be used for military production"<sup>4</sup> were stipulated. Also set was the task of "exterminating the National Socialist Party and its branches and subordinate organizations, dissolving all Nazi establishments, ensuring that they not be revived in any form and preventing any Nazi and militarist activity or propaganda."<sup>5</sup> All Nazi laws which established "discrimination based on race, religion or political beliefs" were abolished. The documents of the conference said: "No discrimination--legal, administrative or other--will be tolerated."<sup>6</sup>

The decisions pertaining to Germany adopted in Potsdam were of profoundly positive significance. However, adopting them was only possible as a result of stormy debate and bitter disputes. Truman and Churchill, as, equally, Attlee, attempted by hook or by crook for the purpose of counteracting "Soviet influence" to maintain Germany's economic and military power roughly at the former level.

We would recall that earlier the United States and Britain had actively advanced plans for the dismemberment of Germany based on its elimination as a competitor. This had been the topic in Tehran and Yalta and at the second Anglo-American conference in Quebec in September 1944. The "agrarianization" of Germany, that is, the conversion of all its land into agricultural areas deprived of significant industry had been contemplated, in particular. The Soviet Union constantly rebuffed such plans, believing that the German people should be preserved as an ethnic entity and have a future and that they should in no event be sacrificed to the imperialist interests of the West. Thus in January 1944, when the British side proposed discussion of the question of Germany's dismemberment in the European Consultative Commission, USSR representative F.T. Gusev declared that he was "not prepared to instruct a member of his delegation to support work on a study of the British proposal." In an address to the Soviet people on 9 May 1945 I.V. Stalin declared that "the Soviet Union is celebrating victory, but does not intend either to dismember or destroy Germany."<sup>7</sup>

By 1945, when the USSR's complete military superiority over Nazi Germany had become obvious to the whole world, and particularly after the end of the war in Europe, the positions of Washington and London on the German question underwent an appreciable change. The problems of economic competition had been pushed into the background by British and American strategists. They intended to revive Germany in the geographical, economic and military planes as a springboard for the pursuit of an anti-Soviet policy in Europe.

At the concluding stage of the war, during the bombing of Germany, British and American airmen, while ruthlessly destroying whole cities which were to be a part of the Soviet occupation zone after the war (Dresden and others), deliberately spared militarily important industrial enterprises in the zones earmarked for the United States and Great Britain. Thus the damage done to the Ruhr plants



constituted only 5-10 percent and only in individual cases 15 percent.<sup>8</sup> At the second session of the heads of government in Potsdam Truman proposed "speaking of Germany as it was prior to the war, in 1937," while Churchill opposed the destruction of German military "experimental installations of great value"<sup>9</sup> (the allies hoped to use them for the preparation of a new war against the USSR).

The Western powers planned to preserve not only German military potential but also the leading personnel of the Hitler Reich, despite the fact that the latter had besmirched themselves with monstrous crimes. The following episode during the meeting in Potsdam testifies to this. The Soviet delegation had proposed that not simply an impersonal paragraph on the trial of war criminals be inserted in the conference documents but that the main ones be indicated by name--"such as Goering, Hess, Ribbentrop, Rosenberg, Keitel and others." But Truman and Attlee were emphatically opposed. Stalin emphasized that silence on this question could be seen by the peoples such "that we intend sparing the main criminals and that we will make up for this with petty criminals."<sup>10</sup> As time showed, many prominent fascist figures were used shortly afterward by the Americans and the British in various spheres of activity (predominantly intelligence and military) hostile to the Soviet Union.

In connection with the intention of the United States and Britain to have a strong Germany, but one that was obedient to them the question of Poland at the Berlin Conference was extremely acute. Its discussion showed that the Western powers were attempting to resist satisfaction of Poland's legitimate and urgent interests. Washington and London endeavored to prevent Poland taking the path of progressive development and to obtain levers of pressure on its policy. However, they did not possess practicable means of influencing Poland, which had been liberated by the Soviet Army with the participation of the Polish Army.

The decision had been made back in the Crimea that "Poland should acquire an appreciable increase in territory in the North and West...."<sup>11</sup> The representatives of the Soviet Union and also the Polish leaders, who had come to Potsdam, insisted that the country's western border be established along the Oder and Western Neisse rivers. They gave as their reasons for this the fact that the territories east of the said line were primordial Polish land on which even in prewar Germany a significant Polish population lived. Upon the Soviet Army's advance on territory up to the Western Neisse, organs of Polish administration had been set up there.

The representatives of the Western powers objected to Poland's borders being moved so far west. Thus W. Churchill had asserted that Poland would be unable economically to assimilate that which the Soviet Union proposed transferring to it. While U.S. Secretary of State J. Byrnes declared that "the issue of the territories under Poland's administration represents an important source of disagreement among the allies since, in accordance with the Yalta agreement, no zone of occupation was envisaged for Poland, and for this reason the U.S. Administration does not recognize the Polish occupation authorities on German territory."<sup>12</sup> It was explained to the representatives of the United States and Britain that the transfer of these territories to Poland's administration had

been brought about by the military situation. "The Germans," V.M. Molotov observed at the conference, "had fled from this region, virtually none remained, so this region ended up being settled almost exclusively by Poles, which gave rise to the need for the establishment of Polish administration there."<sup>13</sup>

The negative attitude of the United States and Britain toward the given problem manifested their endeavor to preserve Germany within the 1937 borders as far as possible ("I believe that the resources of all of Germany of 1937 should be used to support and supply the entire German population," Truman said). The ruling circles of the United States and Britain were also opponents of the social transformations which had been carried out in Poland aimed at the establishment of a democratic social system there and the establishment of friendly Polish-Soviet relations. Great Britain's unwillingness to cease in accordance with the Yalta decisions active support for the London-based (Artsishevskiy) government, which was zealously engaged in activity contrary to Poland's genuine national interests, also testified to this. Churchill's attempts to explain his position by the fact that he and the members of his cabinet could not, he said, "prevent individuals in Britain... continuing to live and speak," meet with members of parliament and have "their supporters" in parliament, "walk about London" and "chat with journalists" were very clumsy.<sup>14</sup>

The Western powers' hostility in respect of the new Poland was also expressed in Churchill's unwillingness to return to it the 20 million pounds sterling in the Bank of England on the grounds that London was rendering the emigre government financial assistance. To this I.V. Stalin remarked that the USSR also had rendered the Poles, including the Sikorsky government, huge assistance, but that "the Polish people had made good this debt with their blood."<sup>15</sup> At the insistence of the Soviet delegation Truman and Churchill were forced to give up their demands concerning the debt obligations of the former Polish "government" and promise to assist the defense of Poland's interests "in respect of property belonging to the Polish state on their territory and under their control, regardless of the form of this property."<sup>16</sup>

Ultimately the leaders of the United States and Britain also agreed with the USSR's proposal concerning the establishment of Poland's western borders, making the reservation that its final determination "should be deferred until the peace settlement."<sup>17</sup> At the same time the decision on the question of Poland and the Polish borders had clearly manifested Western diplomacy's proclivity for methods of blackmail and a variety of "power methods". This applied particularly to the Americans. Truman had observed repeatedly that the West would look favorably on the USSR's proposal concerning Poland's western border only if the Soviet Union yielded to its partners on the two other most important questions being studied in Potsdam--reparations and the international position of Germany's former allies. Secretary of State Byrnes emphasized that the United States would not consent to a concession in respect of the Polish border if agreement were not reached on the two other issues. Truman, on the other hand, stressed attention to the problem of reparations, pointing out that he would "find it very difficult to agree to a just solution of the question of reparations" if Poland acquired increased territory in the West.<sup>18</sup>

Back at the Crimea Conference the USSR had proposed establishing the amount of the reparations from Germany to partially cover the damage inflicted on the Soviet Union by the war in an amount of \$20 billion. Half of this sum was intended for the Soviet Union in the form of commodity supplies, of which the USSR undertook to allocate a certain proportion for Poland, while the other half was for the United States, Britain and the other allied states. Given total damage to the Soviet country caused by the war of R679 billion, the said sum of reparations from Germany was negligible. However, not interested in the economic restoration of the Soviet Union and Poland, the Western powers resisted a just solution of the reparations question.

At the Potsdam Conference the United States and Britain proposed that the USSR obtain reparations from the Soviet occupation zone. Inasmuch as the economically most developed parts of Germany were part of the occupation zones of the United States, Britain and France the Western powers undertook to transfer to the Soviet Union as reparations from Germany "10 percent of the industrial capital equipment not essential for the Germany peacetime economy." However, up to 1 January 1947 the Western powers had allocated the Soviet Union from their occupation zones only \$12.5 million in the form of supplies of "surplus" German equipment. These supplies were so negligible that the reparation payments from the Western zones proved virtually to have been aborted. Thus the United States and Britain in fact prevented reparation payments to the benefit of the USSR and Poland being obtained from Germany.

Although the United States and Great Britain were neither occupied nor devastated by German forces, they obtained as reparations from Germany an amount considerably in excess of \$10 billion, seized all the German gold which turned up on the territory of the western zones and took possession of all German overseas capital investments, apart from the small proportion of capital investments in some East European countries. The Americans and the British exported from Germany a considerable proportion of the most modern industrial equipment for that time. A large quantity of most important German patents and inventions, including the plans of German rocket engines, passed into their hands. The Western powers concentrated the main attention on confiscating real valuables from Germany to their benefit.

The Berlin Conference discussed in detail questions of a normalization of relations with Hitler Germany's former European allies--Italy, Hungary, Romania, Bulgaria and Finland--their admittance to the United Nations and the elaboration and conclusion of peace treaties with them. During examination of these questions the efforts of the United States and Britain were aimed at creating in the said countries a situation preferential for themselves.

A decision was made at the conference on the creation--for elaborating the principles of the postwar settlement, primarily coordination of draft peace treaties with the vanquished countries--of a Council of Foreign Ministers of the USSR, the United States, Great Britain, France and China. The Soviet Union consented to its establishment on condition that only the members of the council which had accepted the surrender from Germany's former satellites would participate in the elaboration of peace treaties with the corresponding vanquished countries.



As a result, despite the Western powers' endeavor to use the Council of Foreign Ministers in their selfish interests, the latter played a positive part in the postwar settlement in Europe. Draft peace treaties with Italy, Romania, Hungary, Bulgaria and Finland, which were signed and came into force in 1947, were prepared and coordinated within its framework.

In Potsdam the United States and Britain sought to have Italy put in a more favorable position in comparison with the other former enemy states and insisted on its admittance to the United Nations and the nonexaction of reparations from it, although it had been an aggressor-state and had participated actively in the war against the USSR. The head of the Soviet delegation emphasized this fact repeatedly: "We cannot encourage Italy and other aggressors by their emerging from the war unpunished, without paying if only partially for what they have destroyed. Renouncing this means paying them a bonus for the war."<sup>19</sup> The Western powers gave as the reason for their position the fact that Italy was the first country among Germany's satellites to surrender to the allies and subsequently join the struggle against it. They hoped to secure for themselves preferential political and economic positions in this country and incorporate it in questions of international policy in their political orbit.

The Soviet Union agreed to the Western powers' proposal concerning the favorable treatment of Italy and its admittance to the United Nations on condition that this approach would also be employed in respect of the other former enemy countries, that is, in respect of Romania, Bulgaria, Hungary and Finland. The United States and Britain did not consent to this proposal, pursuing in respect of the latter a discriminatory policy. "The impression is," I.V. Stalin said, "that an artificial division is being created here: on the one hand Italy, whose position is being alleviated, and on the other, Romania, Bulgaria, Hungary and Finland, whose position it is not contemplated alleviating."<sup>20</sup> As a result of the unconstructive policy of Western partners the conference was unable to adopt a decision on admittance of the above-named five states to UN membership. This question was positively settled only in 1955.

Owing to the Soviet Union's firm resistance to the discriminatory approach of the United States and Britain in respect of the countries of South and Southeast Europe in Potsdam, they did not succeed in accomplishing their hegemonist plans. The USSR achieved the adoption of the principle of an equal approach to all former enemy states and thereby secured favorable conditions for the development of the popular-democratic system which had been established in Bulgaria, Romania and Hungary and the strengthening of their international position.

The Potsdam Conference discussed the question of the USSR's entry into the war against Japan. Back at the 1943 Moscow Conference I.V. Stalin had declared to U.S. Secretary of State C. Hull the Soviet Union's readiness to enter into the war against Japan, but only after victory against Hitler Germany. It was stated to the U.S. President at the Tehran meeting in November 1943 that the Red Army could not fight on two fronts--in Europe and the Far East. The USSR notified the allies of the conclusive and concrete decision to enter the war in the Far East in Yalta. The decisions of the Crimea Conference enshrined the



following commitment: preservation of the existing position of the Mongolian People's Republic, restoration of Russia's rights which had been violated by Japan's treacherous attack on it in 1904 and transfer to the Soviet Union of the Kurile Islands.<sup>21</sup>

On setting out for Potsdam U.S. President H. Truman had set as one of his main tasks obtaining from the Soviet Union an assurance of its resolve to abide strictly by the commitment assumed in the Crimea. And there were considerable grounds for the United States' particular concern in connection with the state of affairs in the Pacific theater. Although the Japanese Navy and Air Force had sustained heavy losses in the war, its land army of over 5 million men remained highly combat capable. According to calculations of the U.S. Defense Department, the war in the Far East was to go on until 1947 and the American armed forces could in this time have lost an additional 500,000 to 1 million men. For this reason at the very first meeting in Potsdam with I.V. Stalin on 17 July the U.S. President declared, touching on the war with Japan, that "the United States expects help from the Soviet Union." Stalin replied "that the Soviet Union would be ready to go into action by mid-August and that it would keep its word."<sup>22</sup>

The West is constantly piling up heaps of lies surrounding the diplomatic history of the USSR's entry into the war with Japan, belittling the Soviet Union's actual contribution to its rout in every possible way. Fabrications may be encountered at times to the effect that the Soviet Government used the interest of the United States and Britain in its combat operations against Japan for the purpose of "haggling" for some additional concessions on the part of the allies (on the question of Poland, for example). In actual fact in adopting the decision to enter the war against Japan--the country which was the first of the participants in the notorious Rome--Berlin--Tokyo bloc to take the path of aggression--the Soviet Government was guided by an aspiration to perform its allied duty and bring closer the time of universal peace and spare the peoples the further sacrifices and sufferings which were inevitable if the war dragged on.

But the main thing was that account was taken of the fact that Tokyo's ruling militarist regime had always been a cruel and ruthless enemy of Soviet people who had constantly threatened the USSR's Far East borders throughout the 1920's-1940's and in the period of the bitter fighting on the Soviet-German front had piratically sunk Soviet merchant ships which were delivering cargo of vital importance to us. The Soviet people understood that sooner or later an armed clash with the ally of fascist Germany--Japan--was inevitable. The USSR entered the war with it on 8 August 1945, which contributed appreciably to the speedy conclusion of WWII.

Questions of the former colonies of the Axis powers and problems of the national liberation movement were also discussed in Potsdam. Although these topics were not central at the conference, their discussion demonstrated the fundamental difference between the political approaches of the USSR on the one hand and the United States and Great Britain on the other to the peoples' struggle for their freedom and independence. The leaders of the Western powers were steering matters toward preservation of the former colonial orders in Asian and African countries, to which the events in Syria and Lebanon and the

nature of their discussion in Potsdam, in particular, testified.<sup>23</sup> Expressing the interests of American monopoly capital, Truman endeavored to secure for the United States favorable opportunities for plundering the colonies in conjunction with the old colonial powers (Britain, France). He emphasized: "We would like to see in these areas (in this case he was referring to the Near East region--S.T.) equal rights for all the states."<sup>24</sup>

As far as the German and Italian colonies were concerned, on the other hand, Churchill and Truman were not averse simply to sharing them. "At the present time all these colonies are in our hands," Churchill said. "Who wants them? If there are claimants to these colonies at this table, it would be as well for them to speak out."<sup>25</sup> The Soviet Union put the question entirely differently: it believed that the main task of the victor-states was securing the best conditions for the Asian and African colonial countries' achievement of true independence.

Concerned by the growth of the power and prestige of the USSR, the allies endeavored as a counterweight to it to preserve and strengthen all existing outposts of reaction in Europe. This applied primarily to the Franco regime in Spain. The United States and Britain declined not only to sever relations with Madrid but even to include in the conference's decisions a paragraph condemning the regime, which, as is known, had been imposed on the Spanish people by Hitler and Mussolini. It was said that abrupt steps in respect of Franco would be contrary to the principles of the United Nations, that they would merely strengthen (!) the fascist government and so forth.<sup>26</sup> The true reasons for the allies' position was accidentally let slip by Churchill. If we break with Franco, he said, "we would not have a contact whom we might need in difficult times."<sup>27</sup> The ruling circles of London and Washington proceeded from the fact that under the conditions of the spread of the democratic, liberation movement on the European continent Francoism would be a cornerstone of the imperialist barrier in the way of the accomplishment of progressive transformations.

Immediately after the start of the Berlin Conference the members of the Soviet delegation encountered--both at the heads of government and foreign minister sessions--an endeavor of the British and American sides to infringe the USSR's interests on practically any question discussed. The most subtle methods of bourgeois diplomacy were set in motion here: attempts at open pressure and blackmail alternated with efforts to confuse the partner, deceive him, lead him away from the problem at hand and unintentionally, as it were, entangle him in diverse contrived arguments. Churchill and Truman, for example, were stubbornly unwilling to confirm an agreement which had been reached earlier on the granting to the USSR of one-third of the German navy and merchant fleet, referring to the fact that it still had to be decided what to do with this fleet: to sink or share the German ships or make them available to Britain and the United States for use in the war against Japan (that the captured warships might also be needed by the Soviet Union in the Far East theater was passed over in silence). Churchill frequently took the liberty of not responding at all to questions which had been put to him directly, confining himself to profound phrases like "all weapons of war are terrible things."<sup>28</sup>

I.V. Stalin, who made a considerable contribution to the successful completion of the Berlin Conference, succeeded in showing the insolvency of the allies' arguments. They were forced to acknowledge the legitimacy of the USSR's demands, and the conference adopted a decision on this question which provided for the equal division among the three powers of the German Navy and merchant fleet. The USSR had to allocate from its share here a certain number of merchant ships to Poland, while the United States and Britain had to do the same for the other allied states whose merchant fleet had incurred heavy losses in the war.

The Potsdam Conference has occupied a prominent place in the postwar history of Europe and the whole world. Soviet diplomacy performed tremendous work at the conference to ensure international security. Despite the political situation, which had deteriorated rapidly, and the approach of the times of the cold war, it succeeded in defending Poland's interests against the encroachments of the Western powers on the social system and territorial borders of this country, establishing the Polish state's western border in the form that it exists at present and preventing the interference of the United States and Britain in the affairs of the Southeast European countries. The Western powers did not achieve the restoration of bourgeois regimes therein. In subsequent years, thanks to the support of the USSR, these states normalized their relations with Western countries and joined the United Nations.

At the final session Attlee and, following him, Truman also expressed the hope that "the conference would prove an important landmark on a path on which our three peoples will proceed together toward lasting peace."<sup>29</sup> However, hardly had the meeting in Potsdam ended than it was precisely the United States which became the most avid supporter of a revision of many of the decisions which had been adopted, deliberately complicated relations with the USSR and set course toward an escalation of the arms race and--in the future--the unleashing of an atomic war against it (the well-known "Dropshot" plan).

The political principles of dealing with Germany adopted in Potsdam were of paramount significance for the development of postwar international life and for the security of Europe. They provided for a fitting solution of the German problem and the creation of the foundations of long and reliable international peace. But the subsequent actions of the Western powers led to the division of Germany: a separate West German state--the FRG--which became a military-political partner of the United States and Britain in the struggle against the socialist countries, was created in 1949.

The United States and Britain violated the joint decisions on the demilitarization, de-Nazification and democratization of Germany. They drew up plans for restoration of the West German armed forces for the purpose of their use against the Soviet Union and the other socialist countries. In 1955 the FRG was incorporated in the aggressive NATO bloc and turned into a military outpost thereof.

In 1979, under Washington's influence, the NATO Council adopted the notorious "dual decision," which was aimed against the USSR and the other socialist countries, on the deployment in Europe, including the FRG, of American intermediate-range nuclear missiles. The lifting of restrictions on the production in the FRG of strategic bombers, long-range missiles and a number of



other arms was announced in 1984. A policy of revanchism and revision of the results of WWII is enjoying increasingly widespread development in the country with the United States' direct encouragement. The flagrant challenge which President R. Reagan threw down to all peace-loving mankind by the visit to the cemetery of fascist cutthroats in Bitburg was new, extraordinarily dangerous evidence of the encouragement of West German revanchism on the part of Washington.

The German people in the east of former Germany opted for a path of socialist development. The first socialist state on German soil--the GDR--which is abiding strictly by and implementing the political principles adopted in Potsdam and making an appreciable contribution to ensuring peace in Europe and international security as a whole, was formed.

For a long time the Western states attempted to dispute the legality and the very fact even of the establishment in Potsdam of Poland's western border. However, thanks to the persistent and consistent efforts of the USSR, Poland's western border which exists currently gained international recognition. The treaty between Poland and the FRG of 7 December 1970 on the principles of normalization of their relations confirmed the inviolability of existing borders. Recognition of the political and territorial results of WWII was expressed in the Helsinki Final Act of 1 August 1975, which was signed by all the European states and also the United States and Canada. It records the principle of the inviolability of the borders of all European states.

The Soviet Union has been and remains true to the spirit of the Yalta and Potsdam agreements and permits no one to cancel them. "These agreements," A.A. Gromyko emphasized, "were made the basis of international law by the very course of events. Twenty million Soviet people gave their lives for the sake of victory over fascism. Millions of people of countries of the anti-Hitler coalition fell in the struggle for peace and to ensure that the threat of war never again arise from German soil."<sup>30</sup>

The diplomatic papers of 1941-1945 and the decisions of the Tehran, Yalta and Berlin conferences are not only archive material for us--they play an important part in the ideological struggle and in the struggle against the widespread slanderous campaign in the West designed to give people false ideas about the events of WWII. The point being that bourgeois ideologists are attempting to interpret in their own way the results of the war and the reasons for the strengthening of the international authority of the USSR and socialism as a whole and the further development of the world revolutionary process. They frequently speak of the "insidious policy of Soviet expansion" in Europe and Asia, which was allegedly possible as a result of the weakness and lack of foresight of the Western powers (such charges are leveled primarily against Roosevelt). The entire activity of the anti-Hitler coalition is thereby questioned as being some "unnatural alliance" which was allegedly profitable only to the USSR.

Reactionary bourgeois historians and propagandists are attempting in every way possible to disparage Soviet foreign policy of the time of WWII, distort its goals, discredit the present Soviet peace-loving initiatives and, finally, to revise the results of the war themselves. They are making attacks on the



Yalta and, particularly, the Potsdam agreements for the purpose of justifying the revanchist plans being hatched in the FRG and Japan to change the territorial-political arrangement which exists in Europe and Asia and to dispute the legitimacy of the postwar settlement.

Slandorous assertions are being heard to the effect that the Soviet Union violated the democratic principles of Europe's postwar reconstruction and imposed a socialist system on the East and Central European peoples by force, thereby splitting the continent into two hostile camps. In reality, however, it was the USSR which secured for the peoples of these countries their free will, while the ruling classes of the United States and Britain were resorting to bloody terror to suppress national liberation movements and an "iron curtain" policy and unleashing the cold war.

Many people in the West would like to consign to oblivion the true lessons of WWII and the true significance of the decisions adopted in Tehran, Yalta and Potsdam. Such "forgettability" is an extremely disturbing fact. M.S. Gorbachev spoke of this at a meeting with war veterans in the CPSU Central Committee on 5 May 1985. "Forgetfulness in politics is extremely dangerous,"<sup>31</sup> he emphasized. Today this danger is actually being expressed in the actions of the forces of international reaction, which, as in the first postwar decades, are again endeavoring to revise the results of WWII and sow in people's minds the seeds of hostility and mistrust, mutual hatred, chauvinism and a passion for violence and seizure. Revanchist, neofascist forces are operating in the FRG, Italy, Spain and Portugal with the connivance of the authorities, and a sharp stimulation of militarist trends is observed in Japan. Today, as on the eve of WWII, the most reactionary circles of the imperialist powers in the West are endeavoring to question the proposition that there is no nor can there be an alternative to the peaceful coexistence of states with different social systems.

The experience of the 4 years of activity of the anti-Hitler coalition showed in reality that both our countries can cooperate fruitfully for the good of the cause of peace. "The American people nurture a revulsion toward armed aggression," F. Roosevelt once wrote. "They are linked with the Russian people by strong ties of historical friendship."<sup>32</sup>

People now prefer not to recall these precepts of an outstanding American president. At the present time Washington's foreign policy and military-strategic course, which is aimed at the suppression by force of the national liberation struggle (on Grenada, in Nicaragua, El Salvador, southern Africa, the Near East and in other regions) and the exacerbation of tension in different parts of the world, is driving international relations into a blind alley. U.S. ruling circles have unleashed a historically unprecedented furious arms race and are spreading their militarist plans to space also. The governments of countries whose peoples have no wish to be the Americans' nuclear hostages are being subjected to the strongest pressure on the part of the former.

The sole sensible way out of the current complex situation, the CPSU Central Committee March (1985) Plenum emphasized, is an understanding by the opposed forces concerning an immediate halt to the race in arms--primarily nuclear--

on the Earth and its prevention in space. A readiness to again demonstrate its good will and ensure an honest political dialogue was expressed in the Soviet Union's decision to impose a moratorium on the deployment of intermediate-range missiles in Europe.

It was noted in M.S. Gorbachev's conversation with the editor of PRAVDA that although a state of tension and confrontation continues, as before, in present Soviet-American relations, it is not natural. It is rather an anomaly. Definite possibilities for a normalization of relations between the two countries, primarily by way of intensive mutual efforts "along a broad front," including top-level negotiations, exist.

The main landmarks of the foreign policy line of the CPSU and the Soviet state are determined by Lenin's historic Decree on Peace. Socialism means peace. It cannot have a policy of different content. The higher the role and influence of socialism in the world, the more promising the "cause of the extirpation of wars," about which the leader of the Great October spoke.

Today, as at the grim time of WWII, the unity of all the world's peace-loving forces in defense of international security is extremely necessary. Today, as then, Soviet diplomacy, under the leadership of the CPSU's Leninist Central Committee, is making every effort for the successful accomplishment of this task and is performing difficult daily work aimed at creating international conditions conducive to the Soviet people's peaceful labor and the preservation of peace in the world.

#### FOOTNOTES

1. See THE NEW YORK TIMES, 24 April 1941.
2. H. Truman, "Year of Decision," New York, 1955, p 415.
3. See G.K. Zhukov, "Recollections and Reflections," vol II, Moscow, 1974, p 418.
4. "The Soviet Union at International Conferences of the 1941-1945 Great Patriotic War Period. The Berlin (Potsdam) Conference of Leaders of the Three Allied Powers--the USSR, the United States and Great Britain. Seventeen July-2 August 1945" (henceforward "The Berlin Conference..."), Moscow, 1978, p 462.
5. "The Berlin Conference....," p 463.
6. Ibid.
7. "The Soviet Union's Foreign Policy in the Patriotic War Period," vol III, Moscow, 1947, p 45.
8. "The Berlin Conference....," p 220.
9. Ibid., pp 61-62.

10. Ibid., pp 264-265.
11. "The Crimea Conference of Leaders of the Three Allied Powers--the USSR, the United States and Great Britain. Four-11 February 1945. Collection of Papers," Moscow, 1979, p 214.
12. "The Berlin Conference...", p 235.
13. Ibid., p 236.
14. Ibid., p 65.
15. Ibid., p 112-113.
16. Ibid., p 493.
17. See ibid., p 473.
18. See ibid., p 118.
19. Ibid., p 230.
20. Ibid., p 179.
21. See "The Soviet Union's Foreign Policy in the Patriotic War Period," vol III, p 11.
22. "The Berlin Conference...", p 43.
23. See ibid., p 163.
24. Ibid., p 165.
25. Ibid., p 142.
26. See ibid., pp 80-86.
27. Ibid., p 81.
28. See ibid., p 54.
29. Ibid., p 299.
30. PRAVDA, 7 November 1984.
31. PRAVDA, 6 May 1985.
32. "Soviet-American Relations During the 1941-1945 Great Patriotic War," vol I, Moscow, 1984, p 57.

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## NORTH EUROPEAN SECURITY AND SWEDISH POLICY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 85 (signed to press 15 Jul 85) pp 71-81

[Article by S. Morgachev: "Questions of Security in North Europe and Sweden's Policy"]

[Text] The international situation in North Europe developed in the latter half of the 1970's and the start of the 1980's under the guidance of a stimulation of NATO policy in this part of the world. A system of agreements concerning the potential transfer to North Europe of the RDF was drawn up, in connection with which the advance storing of heavy arms and a variety of military material has begun. Substantial resources are being invested in the development of an infrastructural complex: the building of airfields, ports, roads, fuel dumps and pipelines, tracking, guidance and communications stations and so forth. Landing ship operations are being perfected. The American leadership has unequivocally expressed the intention of considerably increasing the U.S. presence in the North Atlantic and the Norwegian and Barents seas and augmenting, in particular, the number of carrier groups in this region to three-four. Certain statements by Norwegian officials attest their positive attitude toward these plans and a readiness to establish the appropriate cooperation.

### I

Such is the foreign policy context in which the Swedish Government has to operate. As is known, the basis of the country's international policy is neutrality or, to abide by the official wording, a policy of "freedom from alliances in peacetime with the purpose of practicing neutrality in the event of war." Sweden's Social Democratic Workers Party, which forms the current government, which is headed by its chairman, O. Palme, well-known politician and chairman of the international Independent Commission for Disarmament and Security, has declared repeatedly the permanency of the foundations of the country's traditional international policy. "Sweden," O. Palme emphasizes, "will invariably uphold and pursue a policy of neutrality, which we consider the principal guarantee of peace and independence for us. It is for this reason that we patiently aspire to strengthen trust in ourselves on the part of the rest of the world and seek a clear understanding of the fact that Sweden pursues an independent policy on the basis of which we will remain outside of blocs of peacetime and neutral in the event of war. We confirm our resolve not to depart from this course even given strong pressure from outside."\*

\* ULKOPOLITIIKKA No 3, 1983, p 4.



Stockholm proceeds from the fact that securing trust in Sweden's neutrality status on the part of the international community demands that it refrain from actions which could be regarded by other states as being incompatible with neutrality in the event of a military conflict. Pertaining to such actions, according to a government statement made back in 1949, are "making Swedish territory available to any foreign power whatever for military preparations" and "Sweden's assumption of commitments or the conclusion with a power group of agreements which could afford another power group grounds for considering the country's territory as being at the disposal of the other side for forward basing." Sweden's political and scholarly circles emphasize that the policy of neutrality represents a highly flexible course whose content is determined depending on the actual situation taking shape in the international arena. "An answer should not be sought to the question of how to build our policy correctly in some logical analysis of the abstract policy of neutrality," the prominent Swedish diplomat K.S. (Ostrem) writes. "It is a question of a pragmatic art where it is necessary to be guided by historical experience, study of the policy of the leading powers and strategic interests and a rational evaluation of the situation in the world at each given moment."\*

Experience shows that the neutrality policy pursued by Sweden affords it considerable freedom of action in the international arena. In addition, Sweden's status as a state free of alliances has contributed to a gradual transition to a foreign policy course which has come to be called active neutrality. This country's role in the struggle to avert the threat of a new war and for detente and disarmament is common knowledge. It was among the six states which authored a declaration calling for the nuclear powers to stop the further buildup of nuclear weapons and freeze nuclear arsenals and gradually embark on an appreciable reduction therein. "The endeavor to achieve disarmament," a statement of the country's present government says, "represents a central element of Sweden's foreign policy."

Stockholm's constructive position in the North-South dialogue, where Sweden is calling on the Western states to consider the opinion and needs of the developing countries and advocating a more just international economic order, has won extensive international recognition.

As a small European state, Sweden naturally attaches paramount significance to an improvement in the political climate on our continent and its conversion into a zone of peace and mutually profitable cooperation. "There is nothing more important for Sweden's security," A. Thunborg, prominent figure of the ruling Social Democratic Party and the country's defense minister, emphasizes, "than detente and disarmament in Europe." Guided by this, the Swedish Government is exerting considerable effort to return international relations to a normal channel and lower the level of military confrontation on the European continent.

Together with other neutral and nonaligned countries Sweden performed a substantial role in the successful completion of the Madrid meeting of participants in the All-European Conference and it is now making its contribution

\* KKANT No 9, 1975, p 200.

to a continuation of the proces begun in Helsinki, both as the country hosting the Conference on Confidence-Building Measures and Security and Disarmament in Europe and as an active participant in this forum.

In December 1982 the Swedish Government presented in accordance with the recommendations of the Independent Commission for Disarmament and Security headed by O. Palme, an initiative for the creation in Central Europe of a zone free of battlefield nuclear weapons. Twentyeight European states and also the United States and Canada subsequently received an official message soliciting their opinion on such. According to the information presented by Foreign Affairs Minister L. Bodstrom at a Foreign Ministry press conference in December 1983, the neutral and nonaligned states, with certain exceptions, approved the Swedish initiative and expressed readiness for its further discussion, while the majority of NATO countries presented considerable reservations and objections. The Warsaw Pact states, the minister observed, evaluated the plan for the creation of a "nuclear-free corridor" positively.

The Soviet Union notified the Swedish Government of its support for this idea in principle and readiness to participate in negotiations on its realization. A zone free of battlefield nuclear weapons would contribute, the Soviet side believes, to an easing of the tense situation of nuclear confrontation which has come about in Europe, particularly in its central part, and is continuing to intensify as a result of actions on the part of the NATO countries. As far as the United States is concerned, from the very outset it unequivocally expressed its negative attitude toward the Swedish proposal, in particular, at the time of the visit to Stockholm in February 1983 of J. Tower, chairman of the Senate Armed Services Committee.

As a Swedish Government statement says, it will make further efforts to extend understanding of its proposal by other countries, particularly by raising this question at bilateral negotiations and international forums.

Mention must also be made of the constructive position which Stockholm occupies in respect of the idea of the creation of a nuclear-free zone in North Europe. As is known, such a proposal was advanced in the past by Finnish President U.K. Kekkonen. The Swedish leadership has declared repeatedly that realization of this idea would contribute to a strengthening of stability and security in the region and serve the cause of peace and detente throughout the European continent.

In Sweden's opinion, consolidation of the region's nuclear-free status on a permanent legal basis demands first of all the rapprochement and coordination of the positions of the northern countries themselves and their achievement of a certain common denominator. "It is essential," O. Palme emphasized, "that we in the North develop the dialogue that has begun and endeavor to create a common basis for further efforts. ...Sweden is prepared for open contacts of such a kind in an atmosphere of trust."\* Explaining Stockholms' position on this question, the head of Sweden's delegation in the UN Disarmament Committee, M.B. (Teorin), writes that the question of the zone should, without a discussion of details, be a subject of negotiations among the northern countries

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\* ULKOPOLITIIKKA No 3, 1983, p 5.

themselves and then, as they achieve unity in principle, a question of negotiations with other interested parties.\*

Sweden's viewpoint is supported in Finland, whose government also believes that the North European countries should first coordinate the basic elements of a possible agreement on a nuclear-free zone and declares its readiness to embark on the corresponding contacts. A different position is adhered to in Danish and Norwegian government circles. The start of any negotiations on the creation of a nuclear-free zone is linked there with the need for approval of this plan by the North Atlantic Treaty allies.

Endeavoring to contribute to the creation of conditions for realization of the idea of a nuclear-free North, the Soviet Union presented a number of important proposals. It expressed readiness to undertake together with the other nuclear powers not to use nuclear weapons against the participants in the zone, that is, to guarantee its nuclear-free status.

With regard for the wishes expressed in a number of Scandinavian countries, including Sweden, the USSR, as its leadership has declared repeatedly, could examine the question of certain measures, substantial, what is more, with reference to its own territory adjacent to the zone which would contribute to the strengthening of its nuclear-free status and, in particular, discuss with the parties concerned the question of imparting nuclear-free status to the Baltic. Evaluating the measures proposed by the Soviet Union, realistic politicians and scholars in the countries of North Europe view them primarily in the political plane--as steps capable of raising the level of trust in the region. Such an evaluation is contained, for example, in a report prepared by a group of experts of Sweden's Foreign Ministry.\*\*

The governments of Denmark and Norway, on the other hand, are disposed to the view that the purpose and central element of a possible agreement on a nuclear-free North should be measures of a military nature. Such an approach is brought about by concepts current in official circles of both countries according to which such an agreement is seen as a part or a consequence of more wide-ranging East-West military-political accords and not as a step bringing their achievement closer. As far as Finland is concerned, it is refraining from discussing details of a possible agreement, declaring its readiness to approve a solution of the problems connected with its elaboration acceptable to all.

The idea of the consolidation of North Europe's nuclear-free status on a legal basis has assumed particular urgency recently for the states of the region, neutral primarily. This is connected with the continuing deployment on the European continent and also on the ships and aircraft plying the waters of the Norwegian Sea region of American cruise missiles targeted against the Soviet Union. The contemplated missile routes pass over the territory of a number of Scandinavian countries, including Sweden. The country's neutrality

\* See TIDEN No 5, 1983, p 289.

\*\* See SVENSKA DAGBLADET, 25 July 1983.

is thereby threatened, as its leadership had declared repeatedly. Stockholm has made it clearly understood that it will consider any invasion of the country's airspace by cruise missiles just as much a violation of its neutrality as if a foreign army had invaded its territory.

## II

In advocating the conversion of North Europe into a nuclear-free zone, as, equally, the implementation of other measures aimed at lowering the level of military confrontation on the continent and in the world as a whole, and detente and disarmament the Swedish Government is guided by a certain set of ideas concerning the country's national interests, the foreign policy possibilities of small states and their role in the world community. Stockholm understands full well that in the nuclear age the security of Sweden, as of any other state, may be ensured to the full extent only on a collective basis, and this requires the efforts of all countries, regardless of their size. "The doctrine of activeness," the well-known Swedish political scientist N. Andren writes, "is directly linked with an aspiration to influence the international situation.... From the viewpoint of security policy this aim implies... attempts to improve the conditions of ensuring national security in the long term."\*

The question of a rational strategy, from the viewpoint of the long term, in the sphere of security policy, of course, figures constantly in this form or the other at the time of discussion of different aspects of the country's international position. The report "Sweden in the World Community," which was prepared by the State Secretariat for Forecast Research, emphasizes: "Obviously, building a secure Sweden by relying solely on arms is impossible not only because we would simply not be able to permit ourselves the investments needed for repulsing all conceivable threats but also inasmuch as other 'preventive' measures could be more expedient."\*

The authors of the report pay a certain tribute to rhetoric since no in any way influential political force in Sweden regards the defense means at the country's disposal as the sole factor of its security. The debate is merely on the question of the correlation of the two components of security: defense potential and diplomacy.

Official Swedish military doctrine has traditionally been based on the premise that the presence of comparatively small, but well trained and armed forces affords an appreciable chance of avoiding the spread of a conventional or nuclear military conflict, should such arise, to Swedish territory. The reference is to repulsing the aggression or averting it thanks to demonstratively high combat readiness and constant declarations of a resolve to resist. In order to underpin them Sweden spends on defense needs very substantial resources for a small country (see table).

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\* Quoted from COOPERATION AND CONFLICT No 4, 1981, p 242.

\*\* Ibid.



Military Spending of Sweden and Certain Other Small Developed Capitalist Countries, 1982

	<u>Sum total (\$, millions)</u>	<u>Sum total per capita (\$)</u>	<u>Share of GDP (%)</u>
Sweden	3,156	379	3.6
Austria	844	112	1.3
Belgium	2,892	294	3.4
Denmark	1,400	274	2.5
Netherlands	4,464	312	3.3
Norway	1,698	413	3.0
Finland	862	179	1.8
Switzerland	2,036	314	2.1

Source: "The Military Balance 1984-1985," London, 1984, p 140.

The overwhelming majority of leading politicians is opposed to any appreciable reduction in appropriations for military needs. The corresponding resolution of the September 1984 Swedish Social Democratic Workers Party Congress reads: "The situation in the world surrounding us makes a limitation of defense spending impossible at the present time." Approximately the same was declared at the congress by O. Palme, who added: "We are not militarists, we do not want to arm ourselves over and above what is necessary.... But Sweden does not exist on an isolated island."\* The combination of the traditional line in military organizational development with the proposition concerning diplomacy as the main instrument of security policy does not alter the content and consequences of this line as such.

"Swedish nuclear philosophy at the present time is," L. Jung, commander in chief of the armed forces, declared in an interview with AFTONBLADET, "that the threat of nuclear weapons or their use in a small volume (against Sweden--S.M.) will not signify for us per se a need to cease resistance." To the question of the newspaper's correspondent of whether he believed that Sweden would survive a nuclear war inasmuch as it "would not play any part in such a war" Jung replied in the affirmative.\*\* The commander in chief thereby displays inconsistency, at least: it is sufficient to compare his statement with other of his pronouncements, which reject the possibility of a nuclear war being confined to some framework and recognize the inevitability of its unprecedented consequences for the whole world.

It should be noted for fairness' sake that the majority of Sweden's statesmen and politicians speaks unequivocally of the impossibility of any country--linked by allied commitments or neutral, directly involved in a conflict or remaining outside of it--surviving a nuclear war, which (and there is almost complete unanimity here also) could only be total.

\* NORRSKENS FLAMMAN, 18 September 1984.

\*\* See AFTONBLADET, 3 July 1983.

How, then, with regard for this fact is the role of the national armed forces conceived? To judge by the statements of officials and the pronouncements of experts close to government circles, Stockholm proceeds from the fact that a military conflict in Europe, should it arise, would by no means necessarily be nuclear. The opinion of the above-mentioned political scientist N. Andren is indicative in this respect. "It is said that in the era of nuclear weapons," he writes, "defense is becoming pointless, particularly for small countries. Others believe that a defense which is incapable of coping with any attack is quite useless. Swedish doctrine does not share this approach inasmuch as it is not obvious and even unlikely that the worst situations (connected with the use of nuclear weapons--S.M.), to which defense cannot correspond, will ever arise."\*

The question of the role of Sweden's armed forces by no means amounts, however, to this idea or the other of their possibilities under the conditions of an actual military conflict. Leading circles of Sweden, as, equally, of the other North European countries, think in categories of "northern balance" concepts. The basis of these is the premise concerning the universal interconnection of world politics. It is the customary belief that the North European region represents a single entity and that a change in the military policy of one country could lead to a reorganization of the systems of relations which has taken shape there. Sweden's substantial armed forces are acknowledged to be a basic component thereof. Thus ideas arise concerning the important role of Swedish defense in the maintenance of regional political stability and, correspondingly, in the international efforts to avert the very possibility of conflict situations arising. "I regard efforts in the defense sphere," Defense Minister A. Thunborg says, for example, "as an effective contribution to the cause of peace in our region (of the globe--S.M.)."\*\*\* And here is another pronouncement made at the September 1984 Swedish Social Democratic Workers Party Congress: "Unilateral Swedish disarmament would seriously disorganize the system of security in the North."\*\*\*

Account has to be taken of the constant pressure on Sweden being exerted by the West, primarily the United States. Washington is essentially blackmailing Sweden with the fact that a reduction in its defense spending would lead to the United States' increased military assertiveness on NATO's northern flank. "We could not reconcile ourselves to Sweden's disarmament," W. Bodde, chief of the State Department's Scandinavian Desk, declared at the start of the 1970's. This would prompt immediate measures on the American side."\*\*\*\* The Pentagon's unhealthy interest in the combat capability of Sweden's armed forces has increased recently. This question, inter alia, was raised in the course of visits by Defense Secretary C. Weinberger and his assistant for international security, R. Perle, to Stockholm in 1981 and 1982 respectively and Swedish Defense Minister A. Thunborg's trip to Washington in April 1985. The recommendations of a military expert close to U.S. Administration circles expressed recently in conversation with a Swedish newspaper correspondent are highly indicative.

\* See COOPERATION AND CONFLICT No 1, 1982, p 35.

\*\* DAGENS NYHETER, 7 February 1982.

\*\*\* NORRSKENS FLAMMAN, 18 September 1984.

\*\*\*\* AFTONBLADET, 6 November 1971.

They amount to the fact that the United States and other NATO countries should "put pressure" on Sweden, prompting it "to increase its efforts in the defense sphere."\*

Pressure on Stockholm has been a constant element of Washington's policy, more, it is regarded by many people in North Europe as an inalienable part of U.S. strategy in this region. With reference to Sweden it consists of binding this country politically and limiting its opportunities for pursuing an independent policy in the international arena. Whence also the endeavor to prevent an "erosion" of the official doctrine of a strong defense, which, per Washington's calculations, ensures favorable conditions for Sweden's involvement in military-economic and military-political cooperation with the NATO countries for without it, as is believed across the Atlantic, Stockholm is incapable of embodying this doctrine in practice.

### III

Washington strategists proceed from the fact that, being a small state, Sweden does not have sufficient economic, scientific-technical and other resources for building modern armed forces. And, indeed, imports predominantly from the NATO countries, cater for 30-35 percent (in cost terms) of its military equipment requirements.\*\* To judge by available reports, Sweden also has recourse to the services of the special services of the states of this bloc. It is also estimated that since the war over 100 Swedish officers with the rank of lieutenant colonel and above have undergone practical training in NATO military training institutions, mainly in the United States and Britain.

All this ensures for Washington and its partners very significant opportunities for putting pressure on the foreign and even domestic policy of Sweden. Many examples attesting the fruitfulness of such pressure could be adduced. In particular, in 1974 the United States forced Stockholm to abandon plans to sell to a number of NATO countries the Viggen combat aircraft, which was competing with the American F-16 fighter bomber. Washington's pressure proved effective by virtue of the fact that approximately one-fifth of the equipment of the Swedish aircraft consisted of components made in the United States. A similar fate also befell an outlined agreement on the sale of a consignment of Viggen to India.

Recently the United States has been having active recourse to economic pressure on Sweden for the purpose of impeding the development of its trade with the USSR and ultimately Swedish-Soviet relations as a whole. Unhappy with the supplies of Swedish equipment to the Soviet Union, Washington adopted a number of measures which are making it more difficult for the enterprises fulfilling Soviet orders to obtain American-made components and is threatening a further tightening of these measures. Such actions are giving rise to justified anger in Sweden. "There is a broad unity of opinion in our country," Foreign (sic) Trade Minister M. Hellstrom declared, "both concerning the policy of neutrality

\* See DAGENS NYHETER, 1 April 1985.

\*\* I. Thorsson, "In Pursuit of Disarmament," Stockholm, 1984, p 110.

and the advantages which free trade affords. We have a fundamental interest in the expansion of trade.... Sweden, as a neutral country, does not participate in the blockades conducted by the United States."\*

However, Washington is unwilling to reconcile itself to this. It intends henceforward to continue to put pressure on Sweden, taking advantage of its vulnerability in the sphere of component supplies from abroad. In 1984, during visits to Stockholm by U.S. Assistant Defense Secretary R. Perle and a Senate delegation, Sweden's technical-economic dependence on the United States was pointed out to it in very unambiguous manner. "I would not like to say that the United States is putting any pressure on Sweden (in the sphere of high-tech trade--S.M.)," Sen R. Lugar, head of the delegation, declared subsequently. But did not omit to add: "In the course of the discussions we understood the importance to the Swedish economy of the possibility of importing high-tech products, from the United States included."

The constant pressure which Washington is exerting on Sweden for the purpose of pulling it into the orbit of its influence is not passing without trace. Thus instances of the North Atlantic bloc's use of Sweden's territory and its airspace and military facilities for training and test flights, missile firings and bombing are well known. Nor is it a secret that Western special services are gaining access to data of Swedish technical reconnaissance FRA (the defense radio service). Instances of the Swedish IB (Information Bureau) secret service rendering the CIA and the corresponding departments of other NATO members services were made public in the 1970's.

The movement of military information from Sweden to the West is connected not only with the activity of the special services. The exchange of secret material is regulated by a number of corresponding agreements which Stockholm has concluded with almost all the NATO countries. It should also be mentioned that while sending its personnel abroad the Swedish Defense Ministry, in turn, affords officers from NATO states an opportunity to gain practical experience in the country's military-training institutions. The systematic transfers of NATO military freight across Swedish territory to Norway also call attention to themselves.

#### IV

There is a highly influential sociopolitical group in Sweden which has an economic interest in the pursuit of a policy of a strong defense. This group, which is oriented toward the Moderate Coalition Party, is urging an increase in the country's military efforts in every way possible and, correspondingly, a consolidation of its relations with Western military concerns. The latter is substantiated by the fact that, having reached a certain level, the military industry of a small country cannot develop without cooperation with other states. Sweden, however, which produces a wide selection of military products as far as aircraft, missiles and intricate electronic equipment, passed this level long since. It is not difficult to guess that it is a question of the monopoly bourgeoisie connected with military business to this extent or the other.

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\* DAGENS NYHETER, 19 July 1984.



Another group advocating a maximum strengthening of the armed forces and an expansion of contacts with the West--both in the military-economic and military-political spheres--also operates within the framework of the country's political mechanism. It is composed of the upper echelon of the military command.

The proximity of the views and interests of the two groups objectively conditions their interaction. A political bloc has taken shape on this basis which may be regarded as the Swedish version of the military-industrial complex.

How does big business influence the nature of political decisions? First, by participating directly in their elaboration: a considerable proportion of ministry and central department executives is simultaneously a member of the board of this company or the other; a number of top industrialists occupies influential positions in the leading bodies of the bourgeois parties; the Swedish Employers Union is represented in the leadership of many official establishments and participates in the preparation of a variety of government papers and bills.

Second, and this is what is most important, evidently, a practice of business contacts between leaders of companies and employers' organizations on the one hand and high-ranking statesmen and politicians on the other exists.

The armed forces command operates similarly. "The military leadership undoubtedly represents an impressive power center," the well-known Swedish commentator and sociologist A. Ortmark writes. "A general may conduct a campaign against the proposal for a reduction in military spending by arguing that we could not then control the Russians or caution that attacks against the United States could lead to a winding down of transatlantic supplies of military material and technology, and these in themselves are attempts to influence foreign policy."\*

Of course, the big industrialists and leading military figures maintain close contacts with one another, and the latter do not confine themselves to business lunches, furthermore. The following fact was made public in 1966: for several years M. Wallenberg, the head of a powerful finance group, personally handed Commander in Chief T. Rapp approximately 80,000 krona toward entertainment expenses of the armed forces. Wallenberg saw nothing reprehensible in his actions here: he was guided, he said, by the completely natural desire to contribute to the strengthening of national defense.\*\*

To judge by everything, circles connected with the military-industrial complex believe that all means, including intimidation with the "external threat," are good for an increase in the country's military efforts. As is known, for a considerable time the forces of the right have been persistently whipping up the absurd claims, which have nothing in common with reality, of course, that the Soviet Union is violating Sweden's neutrality and territorial inviolability, sending its submarines into its territorial waters. The Soviet side has

\* A. Ortmark, "De okända maktharvarna, Stockholm, 1970, p 241.

\*\* See DAGENS NYHETER, 10 December 1966.

officially stated repeatedly that, apart from a Soviet submarine's unintentional entry into the Karlskrone area in the fall of 1981, there have not been nor could there have been any Soviet ships in Swedish waters.

The question of the so-called "violations of territorial waters" distinctly manifested the endeavor of Sweden's ruling circles to push the country aside from the proven course toward the development of good-neighborly relations with the Soviet Union, bring about tension in them and take advantage of the situation which evolved to expand military-political relations with the West.

The hullabaloo surrounding the mythical Soviet submarines allegedly constantly entering Sweden's territorial waters is merely an instrument in the systematic anti-Soviet campaign which has been developed by the forces of the right. The tune in this campaign is being called by the leadership of the Moderate Coalition Party in the person primarily of its chairman, U. Adelsohn, and foreign policy ideologist (K. Bil'dt). The anti-Soviet mood is also very strong in the armed forces, particularly among the supreme command staff. Appeals to the government for a toughening of policy in respect of the Soviet Union, in particular, for a reduction in the volume of official contacts, are being heard.

The presence in Sweden of quite influential forces advocating a more pro-Western policy course has never been a secret. In the current situation the champions of rapprochement with the West have found it unnecessary to conceal their sympathies: what about, for example, (K. Bil'dt's) visit to the United States and his talks with high-ranking Pentagon and CIA officials concerning the joint rebuff of the notorious "Soviet military threat". As was to have been expected, (Bil'dt) and his American companions found a common language. The United States' support for the activity of the right in Sweden was indicated at a higher level also. Defense Secretary C. Weinberger "assured" Swedish journalists that the mysterious submarines, signs of whose presence in Sweden's territorial waters had allegedly been noticed repeatedly, were, of course, Soviet and called for there to be no hesitation in determining their nationality. U.S. Navy Secretary J. Lehman dragged up the same thought at a closed seminar at Harvard University in the spring of 1985.

The racket surrounding the question of the mythical submarines in Swedish territorial waters also has a domestic policy aspect of considerable importance: parliamentary elections are due in September. Speculating on the sense of national dignity, reactionary circles in Sweden are evidently hoping to catch in the turbid water of anti-Soviet propaganda the votes of those who are not that politically experienced.

It is appropriate to remind those expatiating about some "threat" to Sweden's neutrality on the part of the USSR that in the period of WWII it was precisely the Soviet Union which frustrated Hitler Germany's intentions of trampling this country's neutrality underfoot and seizing its territory. As a result of the Soviet Army's historic victories the German military command was forced to abandon the plans to occupy Sweden, particularly Operation Blue Fox. And in the past Swedish officials made an exceptionally high evaluation of the

part played by our country in the fact that Sweden had escaped the fate of many other West European states, which were the victims of fascist aggression. In the summer of 1943 the Swedish ambassador in Moscow declared: "Sweden understands full well that if it has remained outside of the war up to now, it is only thanks to the USSR's military successes."

One has the impression that the social democratic administration adheres in the current situation to a more sober and farsighted approach and is endeavoring to quell the wave of anti-Soviet rhetoric and gradually return Swedish-Soviet relations to a normal channel. Official circles in Stockholm are emphasizing the need for impartiality and responsibility in foreign policy acts and Sweden's interest in good-neighborly relations with the USSR and are calling attention to Soviet officials' statements concerning respect for Sweden's neutrality policy and its right to territorial inviolability. The government advocates a continuation of traditional contacts along diplomatic lines and in the sphere of the economy and culture. Official representatives of the country have assailed the demonstrative attempts being made by the forces of the right to enlist Washington's support. (Bil'dt's) trip to the United States was seen as irresponsible behavior in a difficult period for Sweden.

Preservation of the principles of Sweden's foreign policy, particularly the maintenance of a normal climate in relations with the Soviet Union, is extraordinarily important for the situation in the European North. Only a completely irresponsible politician could question these principles.

The spheres of mutual understanding between the Soviet Union and Sweden are quite wide. There is considerable unity of opinion on questions of strengthening the nuclear-free status of the European North. Our countries are successfully finding a common language at the Stockholm Conference on Confidence-Building Measures and Security and Disarmament on the European continent. Their positions are largely similar on a whole number of other urgent international problems, including the situation in the Near East and in Central America.

The strengthening of mutual understanding between the Soviet Union and Sweden for the good of peace, stability and good-neighborliness in North Europe is on a broader plane also the arterial path of the development of Swedish-Soviet relations to which there is no sensible alternative. Many kind words about Soviet-Swedish cooperation were spoken by officials and representatives of the public of the two countries at the ceremonies on the 60th anniversary of the establishment of diplomatic relations between the Soviet Union and Sweden which was commemorated in 1984 and the 50th anniversary of the formation of the Union of "Sweden--USSR" Friendship Societies in 1985. At a meeting in Stockholm devoted to the first of these splendid dates B. Carlsson, roving ambassador of the Swedish Foreign Ministry, observed that Soviet-Swedish relations had passed the test of time and have profound traditions; in the past six decades they have developed steadily in the interests of the peoples of both countries. The intention to maintain relations with the USSR on a high level and to endeavor to ensure that they remain henceforward stable and friendly which was expressed at that time by the Swedish Government was also perceived with satisfaction in the Soviet Union.

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## U.S. MILITARY PRESENCE, POLICIES IN INDIAN OCEAN HIT

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 85 (signed to press 15 Jul 85) pp 89-95

[Article by I. Lebedev: "The Indian Ocean--Zone of Peace or Confrontation?"]

[Text] The significance of the Indian Ocean region in world politics is growing constantly at the present. This is explained by a whole number of economic, political and military-strategic factors.

Economic processes of a global nature (primarily the exacerbation of the energy and raw material problems) have led to a sharp increase in the region's role in the world economy. It is sufficient to say that the countries of the Indian Ocean basin (mainly the Persian Gulf states and Indonesia) account for approximately three-fourths of assayed reserves and approximately half of the production of oil in the capitalist world. The ocean represents a giant storehouse of mineral resources located on the continental shelf and on the bed and also serves as a source of valuable food products. It is crossed by most important world sea and air transport arteries and intercontinental cable lines.

The countries of the Indian Ocean basin, the overwhelming majority of which were formerly colonies of the European powers, have become active subjects of international relations. They are influencing to an appreciable extent the situation both in a most vast region, where more than one-third of the world's population lives, and in the world in general.

However, at the present time the Indian Ocean region is increasingly finding itself the focus of world politics primarily because it, primarily its northwest part, has become a zone of growing international tension. Among the main reasons for this are Washington's endeavor on the pretext of "defense of vitally important American interests" to ensure military-strategic and political domination here, its active intervention in regional conflicts and claims to determine the development paths and fate of the Indian Ocean's littoral states.

To underpin its aspirations and claims American imperialism is continuously building up its military presence in the region. A new unit in the structure of the American armed forces--the Central Command (CENCOM)--which has been functioning since January 1983, has been set up for this purpose. Nineteen countries are included in its operational sphere--Afghanistan, Pakistan, Iraq,



Iran, Kuwait, Bahrain, the United Arab Emirates, Qatar, Saudi Arabia, Oman, Democratic Yemen, the Yemen Arab Republic, Egypt, Jordan, Sudan, Ethiopia, Djibouti, Somalia and Kenya.

The entire RDF has been transferred to the CENCOM. It disposes of 5 divisions-- army and marines--2 strategic and several tactical air squadrons and 2 naval groupings, which are cruising constantly in the Indian Ocean. The latter are composed of 1-2 aircraft carriers, 2-3 nuclear submarines and approximately 25 other ships. The CENCOM has nuclear weapons at its disposal.

The U.S. armed forces use approximately three dozen bases and strong points located on the territory of Kenya, Somalia, Saudi Arabia, Oman, Bahrain, Egypt and Australia. The Pentagon is seeking access to bases in Pakistan, Sri Lanka and Bangladesh and on the Comoros and the Maldives.

Other NATO countries are also displaying increasingly great interest in the Indian Ocean, which is being actively kindled by the United States. Pentagon strategists are developing the idea of a NATO "breakthrough" into this ocean. At various meetings within the framework of this bloc American representatives are urging its participants' united efforts allegedly aimed at "strengthening stability in vitally important areas of the Persian Gulf and Southwest Asia."

It should be emphasized in this connection that official circles and the mass media of the United States, West Europe and also Japan and Australia are attempting to shift onto the Soviet Union the responsibility for the growth of tension in the Indian Ocean basin. In a number of countries of the region itself there is a certain tendency to explain it by the "rivalry of the two superpowers," which glosses over the fundamental distinction between Soviet policy and American policy. Such an approach leads to a distortion of the true picture of the political and military-strategic processes in the region and prevents disclosure of the real causes of the growth of tension therein and its increased militarization.

## I

Washington has long been reaching out toward the Indian Ocean. The United States began to take political and military-strategic steps for the purpose of securing for itself the predominant position here back at the time when its main attention was concentrated on the war in Vietnam and on the Asia-Pacific region as a whole. In the 1960's it embarked on the creation of a system of military bases in the Indian Ocean.

In particular, the major North West Cape communications base, which is intended for servicing submarines (primarily those with strategic nuclear weapons) and surface ships in the Indian Ocean and the Southwest Pacific, was built. The base, as the official American-Australian declaration of 10 January 1974 emphasized, is designed to serve "as a key element in a system of communications maintaining the global balance."\* It is geared to functioning under the conditions of a global nuclear conflict. Besides this, a further number of American bases and installations was built on Australian territory.

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\* "Defense Press Release. Department of Defense," Canberra, 10 January 1974, p 1.

In 1966 the L. Johnson administration signed a secret agreement with Great Britain on the "joint use" of the "British Indian Ocean territory" (a new colonial formation in the very center of the ocean which had been artificially created by London from small islands which had been seized from Mauritius--still a British colony at that time). The existence of this agreement, which provided for the creation on the above-mentioned territory of military installations, was reported only in December 1970, not long before the start of the construction of a strategic U.S. base on the island of Diego Garcia, which is a part of it.\*

The United States' militarist activeness in the region increased sharply following the adoption by the government of Great Britain of the decision in 1968 on an end to the British military presence "east of Suez". Official circles in Washington began to inflate the myth of the "Soviet threat in the Indian Ocean" and to justify the need to fill the "power vacuum" therein. M. (Kler), American specialist in political-strategic problems, wrote in this connection: "When Great Britain declared in 1968 that it was winding up its military presence east of Suez, military strategists in Washington immediately advocated an American naval presence in the region to counteract a hypothetical Soviet threat to the West's oil supplies. And although the Soviet presence in the Indian Ocean had never been more than a few ships (their main function was defense against American submarines with Polaris missiles), this... was used to justify the deployment of an ever increasing number of American warships in the region and the creation of the American-British naval base on the island of Diego Garcia."\*\*

In January 1972 the sphere of the "operational jurisdiction" of the U.S. Pacific Command was extended to the Indian Ocean. In October 1973 J. Schlesinger, then secretary of defense, declared that the American fleet would henceforward patrol in the Indian Ocean and that the United States intended making its naval presence in it more regular and frequent. In March 1976 Vice President N. Rockefeller proclaimed during his visit to Australia that the American military presence in the Indian Ocean would be "flexible, strong and permanent," "justifying" the need for it by "Soviet naval expansion."\*\*\*

In the course of the debate that developed in 1975-1976 in the United States in connection with the expediency of the creation of a large military base on Diego Garcia the government exaggerated in every way possible the myth of the "threat of the establishment of Soviet domination over the Indian Ocean". At the same time, however, certain American specialists treated these alarmist claims with manifest skepticism. Retired Rear Adm G. LaRocque, director of the Center for Defense Issues in Washington, pointed out that the U.S. Navy Command was exaggerating the Soviet naval "threat" in the Indian Ocean in order to justify an increase in expenditure on the navy's needs.\*\*\*\* Addressing a closed session of a Senate Armed Services subcommittee, even W. Colby (CIA chief at that time) doubted the Pentagon's assessment of the size of the Soviet military presence in the region. "Moscow," he declared, "to all appearances

\* ARMED FORCES, December 1981, p 21; 7 November 1975, pp 27-29.

\*\* See FOREIGN POLICY, Winter 1975-1976, p 164.

\*\*\* THE TIMES, 31 March 1976.

\*\*\*\* See FAR EASTERN ECONOMIC REVIEW, 7 November 1975, pp 27-29.

prefers to maintain a minimum force in the Indian Ocean." He expressed the thought that any increase therein would depend on the "scale of the capital investments and forces which we decide to introduce to the region."\*

The United States' military-strategic "assimilation" of the Indian Ocean continued, nonetheless. For an understanding of its true aims the analysis of American military-political strategy made at that time by the influential bourgeois weekly FAR EASTERN ECONOMIC REVIEW is of interest: "In the era of the weakening of multilateral alliances the American naval presence in the Persian Gulf--Indian Ocean region helps shore up what has come to be called the 'soft underbelly of Europe'. In addition, Europe and Japan (as also the undeveloped countries in this region itself) depend on imports and exports by sea, the bulk of which has to pass through waterways under the domination of the U.S. Navy. Despite the specter of the Soviet Navy which has been invented by the Pentagon, the latter version of gunboat diplomacy, and this is the essence of strategy in the Indian Ocean, is not that secretly aimed at the increasing African and Asian nationalism." The well-known politician Sen M. Mansfield declared flatly that in this region the United States "is attempting to continue to play the part of world policeman, despite the bitter experience in Vietnam."\*\*

Thus the facts testify that the main purpose of Washington's Indian Ocean strategy was a strengthening of the positions of imperialism, American, of course, primarily, and the prevention of undesirable changes in the littoral states from the viewpoint of the latter.

Up to a certain time an important component of U.S. strategy had been "indirect" support of its interests, by way of the use of the services of its "friends" in the region. In particular, the role of America's "policeman" in the northwest of the Indian Ocean basin had been assigned the shah's Iran. The opinion of certain Western political observers that the initiative of J. Carter which he presented in the spring of 1977 envisaged the "stabilization" and "freezing" of the military assertiveness of the United States and the USSR in the Indian Ocean zone on the basis of the possibility precisely of the "indirect" achievement of U.S. goals in the region would seem justified. The subsequent development of events (including the course of the Soviet-American negotiations on limiting the two powers' military activity in the Indian Ocean) showed clearly that this was merely a temporary, tactical diversion from Washington's basic strategic line--the course toward the buildup of its own military infrastructure here.

The fall of the shah's regime in Iran together with other U.S. policy failures in the Near East served as a stimulus for Washington's galvanization of pressure on the littoral countries, by way of direct military interference in the affairs of the region included. As of this time American politicians gambled primarily on the use of crude force and their own military presence. In a recent annual report to Congress Defense Secretary C. Weinberger plainly

\* See FAR EASTERN ECONOMIC REVIEW, 7 November 1975, pp 27-29.

\*\* Ibid.

indicated that the nuclear weapons which the CENCOM possessed could also be used against "non-Soviet targets".\* In mid-1983 a Defense Department document was published in Washington which defined the "special circumstances" when the CENCOM forces could be activated. The first such "circumstances" it enumerated as "tension, instability and conflicts both within third world countries and between them affecting U.S. interests."\*\*

## II

From the very outset Washington has viewed the situation in the Indian Ocean in the overall context of opposition to the Soviet Union, by virtue of which the military-political strategy of the United States has become a most important component of its global strategy. As of the latter half of the 1960's American submarines equipped with missiles with nuclear warheads began operating in the northern part of the ocean. The southern parts of the Soviet Union were within their range. Thus a strategic threat to the USSR from a new, southern, direction was created.

The Pentagon paid particular attention to the above-mentioned strategic base on the island of Diego Garcia, which it regarded as the "key" to the Indian Ocean. The construction of the base was completed by 1974, and the process (which continues to this day) of its expansion and modernization began immediately. It currently services American aircraft carriers and nuclear submarines. The airfield on the island takes B-52 strategic bombers. Diego Garcia serves as the main base of the nuclear forces attached to the CENCOM. Nuclear warhead and chemical weapon dumps are accommodated on the island. The base is also designed to support the operations in the region, primarily in the Persian Gulf, of the CENCOM's conventional forces (it is planned flying them, "if necessary," from the United States), for which in the roads around the island are approximately 15 large ships--floating stores of heavy arms, ammunition and food. The expenditure connected with the creation, expansion and maintenance of the base is put at billions of dollars.

Reports have appeared in the Western press recently concerning the Pentagon's plans to spend \$500 million by 1989 for the construction on Diego Garcia of a launcher complex for ICBM's and intermediate-range missiles. It has also been reported that 800 missiles with neutron warheads, which it had originally been intended to deploy in Italy, were delivered here in 1983.

In paying paramount attention to Diego Garcia the United States is guided by not only military-strategic considerations. Washington is taking account of the fact that "even the friendliest" of the few states of the region allowing American armed forces to avail themselves of bases, airfields and ports do not dare, fearing the dissatisfaction of their own peoples, permit their permanent presence on their territory. "There is only one proper base, the island of Diego Garcia, and each square foot of it is taken up by airfields and stores. The United States is continuing to look for possible bases, but it is not the 19th century now. Friendly states of the region are agreeing to

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\* See "Far Eastern Economic Review Asia 1984 Yearbook," Hong Kong, 1984, p 99.

\*\* Ibidem.



grant certain rights to visit and use the bases, but on their terms. No one has yet authorized the basing of American troops on his territory,"\* American strategy specialist M. Vlachos complained.

The practically complete control over Diego Garcia and the absence of "customary political difficulties" connected with the presence of U.S. military bases on the territory of foreign states (the population of the Chagos archipelago, of which Diego Garcia is a part, was forcibly resettled on Mauritius by the British authorities at the time of creation of the "British Indian Ocean Territory") are contributing to the fact that Pentagon strategists are attaching great importance to the preservation and further expansion of this base.

It should be mentioned, however, that recently the Mauritian Government has been advocating increasingly resolutely the return of the island of Diego Garcia and the entire Chagos archipelago which were seized from it. In July 1982 this state's parliament unanimously passed a law proclaiming Diego Garcia an inalienable part of Mauritius.\*\* Mauritius' demands are supported by the socialist and nonaligned countries. A Soviet-Indian joint statement on negotiations between M.S. Gorbachev, general secretary of the CPSU Central Committee, and Indian Prime Minister R. Gandhi (May 1985) pointed out that the sides "confirm their support for the just demands of the state of Mauritius for the restoration of its sovereignty over the Chagos archipelago, including the island of Diego Garcia."\*\*\* All this is creating a serious political problem for Washington.

The United States is taking into consideration in its plans the presence in the Indian Ocean of significant allied forces. Thus France maintains a large naval and air grouping here whose operations are supported by bases on Reunion, in Djibouti and on Mayotte (Mahora)--part of the Comoros held by France. Paris is seeking from the coastal states recognition of France as an "Indian Ocean power" and the "legitimacy" of its military activity in the region. Reunion is even proclaimed in Paris' official statements the "France of the Indian Ocean".

Inspired by the "Falklands success," the Conservative government of Great Britain is oriented toward a "reanimation" of its military presence "east of Suez". There are constantly up to 10 warships and auxiliary vessels of the Royal Navy in the waters of the Indian Ocean. The program for the building of new warships is taking account of the "needs" of this region.

In May 1978, during a visit to Australia of then U.S. Vice President W. Mondale, the two countries reached an agreement on extending the range of the ANZUS military bloc to the Indian Ocean. However, after the Labor government of R. Hawke had taken office, as a result of the latter's negotiations in Washington on 1 June 1983, the range of ANZUS was again confined to the Southwest Pacific.

\* JOURNAL OF DEFENSE AND DIPLOMACY No 3, 1983, p 59.

\*\* See INTERNATIONAL HERALD TRIBUNE, 21 January 1983.

\*\*\* PRAVDA, 27 May 1985.

At the same time, however, the Labor government announced its intention of supporting an "Australian independent defense presence in the Indian Ocean," which provides, apart from anything else, for an expansion of the patrolling by aircraft and warships of the eastern part of the ocean. Coordination of their operational activity with the American command is by no means ruled out here. Washington is also encouraging the racist Pretoria regime to step up its contribution to the "defense of the West" in the strategically important region at the intersection of the southern part of the Indian Ocean and the Atlantic.

Thus U.S. policy in the Indian Ocean is leading to its conversion into a sphere of global policy and military confrontation and creating a threat to the security of the Soviet Union and the littoral states themselves.

### III

The USSR is guided in its policy in respect of the Indian Ocean by the general principles on which its peace-loving foreign policy course is based. As is known, the most important among these are: renunciation of the use or threat of force in relations between states, respect for sovereignty and the inviolability of borders, the right to equal security, recognition of the impermissibility of interference in the internal affairs of this state or the other and the extensive development of economic cooperation based on complete equality and mutual benefit. At the same time, however, the USSR takes comprehensively into account the specific conditions of the given region, the mutual relations between states which are taking shape therein and its specific political, economic and military-strategic problems.

Endeavoring to strengthen international peace and security, the Soviet Union actively and consistently supports the idea of the conversion of the Indian Ocean into a zone of peace (it was put forward by the nonaligned states and recorded in a special declaration adopted by the UN General Assembly in 1971). The USSR considers a most important prerequisite of its realization the liquidation of foreign military bases and limitation of the military activity of nonlittoral states.

The USSR's position on this question has been expounded with all certainty in official documents repeatedly. The CPSU Central Committee report to the 25th CPSU Congress said: "Demonstrations in support of the Indian Ocean region not becoming an arena of the creation of military bases of this power or the other have been multiplying in a number of countries recently. We sympathize with these demonstrations. As far as the Soviet Union is concerned, we have not intended and do not now intend to build military bases in the Indian Ocean. And we call on the United States to adopt the same position." This principled line was developed and specified in a memorandum on a halt to the arms race and on disarmament which the Soviet delegation submitted for UN examination (September 1976). It provided for agreement on the liquidation of all foreign military bases in the Indian Ocean region, no creation of new bases and a reduction on a mutual basis of the military activity of nonlittoral states in the Indian Ocean and directly adjacent regions.

The representatives of the USSR and other socialist states and also of a number of nonaligned countries are participating actively in the work of the UN Special Committee for the Indian Ocean, whose assignment is the preparation and convening of an international conference for the formulation of an agreement on the creation of a zone of peace in the region. In accordance with a decision of the UN General Assembly, the conference was originally to have been held back in 1981 in Colombo. However, its convening was repeatedly frustrated by the United States and its allies.

At its 39th session the UN General Assembly approved at the end of 1984 the resolution "Implementation of the Declaration Declaring the Indian Ocean a Zone of Peace," according to which it is planned to convene the international conference in Colombo in the first half of 1986. The nonaligned countries, supported by the socialist states, successfully sought confirmation of the existing mandate of the Special Committee on the Indian Ocean, to which its preparation has been entrusted.

It is assumed that the conference will concentrate attention on the formulation of practical measures to limit military activity in the Indian Ocean and turn it into a zone of peace. The United States and certain other Western powers have essentially adopted an obstructionist position in the UN General Assembly and Special Committee for the Indian Ocean and have even attempted to call in question the very concept of a zone of peace. The American representatives put forward unacceptable prior conditions of U.S. participation in the conference.

The USSR is insisting on the speediest convening of such a forum, regarding this as an important step en route to an improvement in the overall situation in the region. Its policy is enjoying the growing support of a number of littoral countries, primarily India. The above-mentioned Soviet-Indian joint statements points out: "The Soviet Union and India express concern at the further complication of the situation in the Indian Ocean and call in this connection for the liquidation of all foreign military bases which exist in this region and the prevention of the creation of new bases. They also oppose all attempts to increase the foreign military presence in the Indian Ocean. The sides advocate the speediest implementation of the UN declaration concerning conversion of the Indian Ocean into a zone of peace and support the UN General Assembly decision on the immediate convening for this purpose of a conference on the Indian Ocean. The Soviet Union firmly supports the aspiration of India and other nonaligned countries to the achievement of this goal."\*

At the same time the Soviet Union, as M.S. Gorbachev declared in an interview with the Press Trust of India Agency on 20 May 1985, considers it desirable that states whose ships avail themselves of the waters of the Indian Ocean basin refrain, without waiting for the convening of this conference, from any steps capable of complicating the situation in this region. The reference was to "not sending large naval formations there, not conducting military exercises and not expanding and modernizing the military bases of the nonlittoral states which have such bases."\*\*

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\* PRAVDA, 27 May 1985.

\*\* Ibid., 20 May 1985.

Washington's obstructionist, destructive position on the question of a zone of peace in the Indian Ocean and the measures to reduce military activity here is explained by the fact that this "is not written into" U.S. regional and global strategy also. A secret document (prepared by the State Department in 1982), which was made public, indicated that the United States is engaged in actions aimed at neutralizing the efforts of certain Afro-Asian states to turn the Indian Ocean into a zone of peace. Demilitarization of this region, the document emphasized, "would limit the American military presence not only on the open ocean but also in the Red Sea, Persian Gulf and a number of African countries; this would create serious difficulties for our RDF."

#### IV

Guided by a desire to use any opportunity to ease international tension, the Soviet Union continues to support the Soviet-American dialogue on the Indian Ocean (the fourth round of negotiations was held in 1977-1978), which was unilaterally suspended by the United States.

During the top-level Soviet-American meeting in Vienna (June 1979) the decision that representatives of the two sides would "meet immediately to discuss the question of a resumption of the negotiations on limiting military activity in the Indian Ocean region" was adopted. But then Washington again declined to conduct the negotiations.

The USSR's policy of the formulation of an agreement on a lowering of the level of military activity in the Indian Ocean enjoys the complete support of the socialist community countries. The Warsaw Pact Prague Declaration adopted at the meeting of its Political Consultative Committee in January 1983 emphasized: "A promising way to remove tension in different parts of Asia, Africa and Latin America is opened, the conferees believe, by the initiatives of the states of these regions aimed at the establishment and development of good-neighborly relations and the creation of zones of peace and cooperation. The proposal concerning conversion of the Indian Ocean into a zone of peace is particularly relevant. An important role would also be performed by the resumption and successful completion of the Soviet-American negotiations on a limitation of and subsequent reduction in military activity in the Indian Ocean. It is essential to strive by political means for a solution of existing problems in the Caribbean and Southeast Asia and to promote the consolidation of peace in Asia and the Pacific region."\* The readiness of the Soviet Union to resume the said negotiations with the United States was confirmed anew by M.S. Gorbachev, general secretary of the CPSU Central Committee, in May 1985.

An objective comparison of the policy and actions of the United States and the USSR reveals the utter groundlessness of the concepts current in the West and in certain Indian Ocean littoral countries even of "the two superpowers' mutual responsibility" for the growth of international tension in the region.

Just as groundless are the attempts to equate the constantly growing large-scale military presence of the United States in the Indian Ocean, which relies on an entire system of bases located on foreign territory and is geared to both the

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\* PRAVDA, 7 January 1983.



accomplishment of "global strategic assignments" and operations against the littoral countries on the one hand and the presence in the ocean and passage through it of a few Soviet warships on the other.

While encountering a buildup of the military presence of the United States and its allies in the Indian Ocean the USSR is nonetheless displaying great restraint. The Soviet military presence here has remained unchanged for a number of years. In terms of composition and structure the detachment of Soviet ships differs radically from the American fleet in the waters of the Indian Ocean. The Soviet ships are not intended for operations against the coast (that is, in respect of the territory of littoral countries) and perform limited assignments of a defensive nature. There are no Soviet strategic forces in the region. The presence of Soviet ships is a forced countermeasure.

The Soviet Union does not aspire to secure for itself any one-sided political or military advantages in the Indian Ocean and does not intend exerting "power influence" on the sociopolitical processes in the countries of the region. The assertions which have appeared in the Western press concerning the USSR's intention of turning the Indian Ocean into a "Russian lake" have nothing in common with reality.

Of course, this region is important for the Soviet Union. The sole waterway connecting the European part of the country with the Soviet Far East year round passes through it. No other nonlittoral state is in such a position. It is perfectly natural that in expressing a readiness for a reduction on a mutual basis in the military activity of nonlittoral states (primarily the United States and the USSR) the Soviet Union believes that upon the elaboration of the appropriate measures full account should be taken of the generally recognized rules of international law concerning freedom of navigation on the open seas and the need for calls at ports of littoral states connected with this.

The acceleration of the economic development of the USSR's eastern areas is leading to an intensification of Soviet ships' use of the sea lane across the Indian Ocean. As the USSR's economic relations with the countries of the region develop, there has to be an increase in the number of Soviet ships calling at ports of the littoral states, a growth in the number of fishing agreements and ship-repair contracts signed by the Soviet side and so forth. Furthermore, the USSR is conducting a wide-ranging program of scientific research in the Indian Ocean.

The main goals of Soviet policy in the region were and remain preventing an intensification of the arms race and its militarization and ensuring that the Indian Ocean basin become a zone of peace, security and broad economic cooperation and serve the all-around development of international trade. All this corresponds not only to the interests of the Soviet Union but also to the interests of all littoral and nonlittoral states.

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## JOURNAL ROUNDTABLE ON LATIN AMERICAN ECONOMIC PROBLEMS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 85 (signed to press 15 Jul 85) pp 96-118

[Roundtable discussion: "Latin America: Contradictions of the New Stage"\*]

[Text] Yu. Korolev (USSR Academy of Sciences Institute of Latin America): The sociopolitical system of the Latin American capitalist countries is in a state of profound transformation brought about by the structural social crisis of the 1970's. Two basic versions of an anticrisis alternative have been discerned: capitalist modernization and revolutionary transformations. At the same time the realization of this version or the other is encountering serious difficulties, which are connected primarily with the singularities of the present stage of the internationalization of capital and economic life.

The possibilities of capitalist modernization on the paths of "transnationalization," that is, on the basis of the domination of structures created by the transnational corporations (TNC) and transnational banks (TNB), in Latin America have mainly, it would seem, been exhausted. The supporters of such modernization, who even formerly lacked a significant social base, have in fact found themselves politically isolated in their own countries. However, the imperialist centers, primarily the United States, fearing the collapse of the transnational sector of the economy in the event of the nationalist bourgeoisie coming to power, are continuing to impose the former policy. At the same time the disagreements in the ruling circles of Latin American states (surrounding the correlation of "transnational" and "national" development projects) are growing. The growing resistance of the masses is leaving the disciples of "transnationalization" a small range of political choice, which is confined to more or less authoritarian methods of government.

The exhausted nature of this model of modernization is causing a slowing of development, stagnation and even an outflow of foreign capital, which no longer has a sufficiently broad sphere of investment (in any event, at the level of the previous profit norm). One further contradiction is arising: the economic solution of the TNC under these conditions is a reduction in investments, and the political solution of international monopoly capital is a continuation of the policy of defense of the "transnational" model, which is again strengthening the trend toward political authoritarianism.

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\* Conclusion. For beginning see MEMO No 5, 1985.

The local haute bourgeoisie, which is not linked or partially linked with the TNC, is putting forward its own plan of modernization, which provides for a certain limitation of the omnipotence of the foreign monopolies, a strengthening of the economic role of the state and the encouragement of national enterprise. But essentially these circles are the historical reserve of international monopoly capital for their economic policy will objectively contribute to "pulling up" new subdivisions of local industry to the level at which the next cycle of "transnational" integration is possible.

However, the endeavor of imperialism to maintain the "transnational" model with the aid of authoritarian regimes of the right is complicating the realization of this moderate plan, more, is leading to an increase in social tension and the radicalization of the supporters of the "national" plan. A broad revolutionary-democratic movement, whose influence is increasing, is taking shape. The local haute bourgeoisie not associated with the TNC is using it as a factor of pressure on the dictatorial regimes and imperialism to force them to consent to the "democratization" of political life and in fact to the transfer of power precisely to it. However, having begun, this process is acquiring intrinsic dynamics and slipping from the control of the conservative forces. The democratic camp is increasingly putting forward independent programs of the struggle for power, which is entailing intensifying political polarization and a reduction in the social base of the moderate circles.

The radicalization of the bulk of the national democratic forces has already led in a number of countries to the fact that the social democratic plan (with an adjustment for Latin American specifics) is becoming the main (bourgeois-democratic) plan of a way out of the crisis. Bolivia, Costa Rica, Venezuela and Argentina have already adopted it to some extent. Brazil is next. This could be a relatively long-term solution since the sociopolitical changes have profoundly affected the army, having brought about irreversible shifts in it evidently expressed in a return to concepts of professionalism.

Such an alternative for Latin America may be characterized as social-reformist and left-centrist. It preserves a wide spectrum of specific political (class) solutions--from compromise with the TNC through a radical national-democratic direction approaching anti-imperialism. Much depends here on the potential of the revolutionary-democratic movement, which is either sharing responsibility for realization of the social-reformist plan or going into opposition.

The accelerated industrialization of the Latin American countries in the 1960's and, particularly, in the 1970's had a considerable impact on the social and political structure of society and mass organizations and parties. The concentration and redistribution of accumulation and production capacity increased. New detachments of the working class appeared. Simultaneously unemployment in the old, stagnant sectors increased.

A substantial mass of wage workers found themselves outside of union organizations. The latter lost their former role to a considerable extent. The unions were seriously weakened by repression, splits and the decline in the number of members.

The trade union movement began to revive as of the end of the 1970's. The point being that the transnational sector could no longer guarantee an expansion of production and, consequently, an increase in jobs, the less so in an atmosphere of cyclical crisis. A movement for satisfaction of the masses' vital demands in the "traditional" trade unions in the historical forms of proletarian struggle (strikes, stoppages) and in the "new sectors" in the form of a strenuous search for organization (an expression of this is the formation, embryonic as yet, of "transnational unions"). The striking political coloration of the struggle and the definite politicization of all social life (demands for the release of political prisoners, democratization of the trade unions, the punishment of police executioners, information about the "disappeareds," political freedoms and such) attracts attention. However, the organizational structure of the unions lags considerably behind the level of the end of the 1960's-start of the 1970's, which in some cases is explained by the continued ban on the activity of parties of the left and in others by the diffuseness of the revolutionary-democratic forces. The basis of everything, however, is the presence of a new sociopolitical reality, to which the unions still have to adapt.

Considerable modifications are being observed in the middle strata of the population, that is, in the categories of wage workers who are not part of the working class. It is a question of engineers, civil servants (including servicemen), the leaders of various components of production and economic management, physicians, lecturers, creative workers and apprentices. In the grip of the spirit of modernization to a considerable extent, they were for a certain time influenced by the ideas of technocratism and corporativism, but the crisis of the "transnational" model and the need for democratic institutions returned them in the latter half of the 1970's even to the camp of opposition to the dictators. Forms of organization close to unions are developing and demarcation and polarization processes are under way in their milieu.

The middle strata are participating actively in the democratic struggle, supporting, as a rule, social democratic parties. At the same time revolutionary-democratic parties and organizations are being created on the basis thereof which are advocating profound social transformations and socialism on a scientific, Marxist theoretical basis. This manifests the growing class-political self-awareness of the said categories of wage workers. It is indicative that in the 1980's the leaders of the middle strata are not presenting the doctrines typical of the 1960's, when these groups of working people were counterposed to the proletariat and put forward as the hegemon of the revolutionary process. They are now increasingly advocating "equal partnership". The programs of the working class and middle strata have a whole number of concurrent propositions: strengthening of the state sector, social reforms, reorganization of the system of education and health care, democratization of social life, introduction of elements of planning, an independent foreign policy and others. The question of the unity of the working class and the middle strata is becoming a strategic problem of the revolutionary-democratic movement under current conditions.



The urban petty bourgeois strata (15-20 percent of the economically active and 25-30 percent of the adult population and electorate)--craftsmen, petty entrepreneurs, marginals--remain populous in the Latin American countries. In the 1960's-1970's they were, as is known, the main component of the social bases of repressive dictatorships. At the present time the urban petty bourgeois strata, which are experiencing tremendous socioeconomic difficulties, represent two main groups: craftsmen and petty entrepreneurs united in shops (gremios) and federations and the marginals, whose forms of organization arise and disappear very rapidly. The first are socially and politically highly active and support conservative and centrist national political parties. The urban petty bourgeoisie is distinguished by sharp protest against the dictatorships and demands (albeit quite abstract) for the democratization of social life, a change in the government's credit policy and defense of local industry and enterprise in general. As a rule, they are opposed to a strengthening of the state sector of the economy and support the defense of private initiative. The activity of the TNC as a whole has led to the ruin of the petty commodity economy and to a reduction in its sphere of activity. At the same time in some sectors the TNC consented--this was profitable to them--to integration, rather, the "subcontracting" of small-scale enterprises, which were distinguished by a high level of the personnel's exploitation and lack of rights. For this reason some of the most successful petty dealers have been "added" to the new structure of the economy.

Important processes are occurring in agriculture also. Together with its rapid industrialization (and the just as rapid proletarianization of the rural population which accompanied it) there was a reorientation of sectorial directions throughout the 1960-1970's: the traditional crops (both for export and local consumption) gave way to new ones whose development was dictated by the conditions of further integration in the world economic system controlled by the TNC and TNB. "Subcontracting," which was accompanied by the differentiation of local landowners and farmers--a "dualist economy" was established here also--was practiced actively together with this in agriculture, as in industry.

As a whole, the state of society is characterized by high potential for sociopolitical assertiveness, the trends of which at present it is difficult to foresee. In any event, it is clear that this potential is creating tremendous difficulties for bourgeois politicians trying to "regulate the situation" with the aid of the traditional mechanisms and institutions of power. Nonetheless, there is reason to believe that the right-authoritarian trend will continue. The new ruling groups also aspire to curb the mass movement and fragment and atomize the democratic forces. This does not mean that they are resorting to violations of the laws, formal constitutional rights and so forth. The same goals are being achieved by other methods: promotion of the split in the workers and democratic movement, the reduced political (including electoral) assertiveness of the population, intercepting the initiative of the revolutionary-democratic camp, an endeavor to show that everything can be tackled "from above" and the flowering of political demagoguery.

Such a general political background is creating serious problems for the revolutionary and anti-imperialist forces, whose primary task is achieving unity of action, developing work to rally the mass organizations and preventing an abatement of the national liberation and revolutionary-democratic mood.

The crisis of the 1970's-start of the 1980's, irrespective of how it is being tackled within the framework of the world capitalist system, has already created additional objective conditions for socialist and democratic revolutions in the zones of higher-than-usual social tension, among which a leading place is occupied by Central America.

For a number of years now this region has been rent by acute contradictions, in which domestic and external problems have been closely intertwined: the social conflict (which is basically of a national nature and has specific features in each Central American country) and the international conflict, which is derived from the social conflict and is based on the contradiction between the national (and also to a certain extent regional) aspirations of the states and the interests of U.S. imperialism.

The essence of the social conflict consists of the confrontation between the objective possibilities of the development of the nations and the people (ultimately determined by the level of the production forces) which have been accumulated on the historical path which has been trodden and the evolved structure of social relations (types of production, forms of exploitation, systems of control of socioeconomic and political life). Its roots are in the 19th century, but its immediate sources reside in the 1929-1933 world crisis. It was in the crucible of this crisis that social self-awareness took shape in the countries in question, and it was not fortuitous that powerful popular uprisings occurred in that period in Nicaragua, El Salvador, Honduras and Costa Rica. For Guatemala, although the 1930's also were "hot," the most important period is the decade in power of the J. Arevalo and J. Arbenz democratic governments of 1944-1954.

In the 1930's-1940's the core of the social conflict was the national question, the basis of which was the creation of a domestic market more or less satisfying local requirements (thanks to a certain surmounting of the single-crop and export-colonial nature of the economy). The incomplete nature of the solution of this problem exerted a constantly hindering influence on the possibilities of the "normal" (democratic) reproduction of the entire system of socioeconomic relations. Whence the autocratic nature of political power providing for the "power" reproduction of social relations. As the reaction of almost all classes and social strata to such a situation--the formation of powerful nationalist (historically anti-American) and liberal-democratic potential. This was the first historically evolved front of social conflict.

The second front took shape simultaneously with the first, but acquired particular sharpness in the 1940's-1950's. It was connected with agrarian relations. The point being that the partial solution "from above" of the problems of the minimum domestic exchange of commodities in the 1930's had not included a redistribution of land ownership and had had no appreciable effect on agrarian relations. The social confrontation along these lines grew, becoming an uprising of the peasants and agricultural workers against the landowners. Only in Costa Rica as a result of the 1948 civil war did its solution assume anything of a completed and radical nature. In the remaining countries the uprisings were put down and the reforms canceled. The legacy was a civil war in the countryside.

Although it has its source in the Depression of the 1930's, the third front of social conflict came to the fore in the 1960's-1970's with the accelerated development of capitalism in Central America (particularly with the growth of manufacturing industry). A class battle between wage workers (headed by the proletariat) and the big foreign employers (affiliates of the international monopolies) and the local bourgeoisie is unfolding. The new confrontation of social forces everywhere in Central America found, as in the first two instances, not in any way effective regulating mechanism within the framework of capitalist relations. This is understandable since a repressive mechanism which had been perfected over the years and had been well-trained existed, which permitted the system's survival with minimal technocratic modernizations. These years were marked in the sociopolitical respect by an intensification of the strike struggle of the working class and the appearance of guerrilla detachments in all countries of the region.

All the existing regimes of power were shaken, the anticrisis alternatives did not work and the social tension threatened to grow into revolutionary tension. In the 1960's and the first half of the 1970's the United States helped the Central American regimes modernize the conditions of reproduction of the existing relations. Among the proposed plans were those (the Alliance for Progress, for example) which proposed a partial, but precisely structural solution of the basic elements of the social conflict. But the confrontation was too far gone; even the military-reformist regimes were unable to handle it. The ruling groups remained an absolute minority and were incapable of creating the least stable social base and structure of the preservation and reproduction of power. They had only one way out--creating powerful praetorian-type military-repressive forces.

With the aid of military-police services of the United States such a system of preventive counterrevolution capable of providing guarantees against the emergence of a "second Cuba," as was said at the time, was created. Economic assistance and military support were calculated and maintained at the "necessary" level. The system seemingly functioned. It did not guarantee complete social stability: "outrages" like the emergence of a guerrilla group, protracted working people's protests and noisy exposures of crimes and human rights violations were frequent. However, the system that had been created did not break down in the sense that it ensured the preservation of the very basis of the evolved social relations, guaranteeing the local and foreign investors of capital domination and profits. But the most important thing was that this system could henceforward exist only with the aid of the military, economic and political support of the United States.

Imposed on this sociopolitical background in the mid-1970's were phenomena connected with the profound new economic crisis. This crisis, which encompassed the latter half of the 1970's and the start of the 1980's, may be regarded as a reflection of the crisis of the plan of the TNC. Indeed, the anticrisis alternative formulated on the basis of the M. Friedman model was objectively aimed at enabling capitalism to survive thanks to discrimination (abandonment of state regulation and social programs, transition to the principles of the so-called "subsidiary nature" of the state) against all "nonprogressive" sectors and areas of production and the economy as a whole.



The transition to the "subsidiary nature" of the state entailed a sharp reduction in foreign "aid" along state channels to countries with a weak economy, among which the Central American states occupied a prominent place. The activity of private national and, more often, international (or transnational) banks, on the other hand, was stimulated. This lent powerful impetus to the process of the internationalization of capital, which assumed the specific form for the 1970's-start of the 1980's of "transnationalization".

Following the Reagan administration's occupancy of the White House the United States' interest in the fundamental (primarily structural) problems of Central America's economy was reduced to the minimum. Priority was given repressive-police functions by way of shifting the accent to the activity of the CIA and other American special services. It is not socioeconomic and political but power and military actions which are envisaged as the main ones for the contingency of "critical situations".

The "economic vacuum" which formed was rapidly occupied by the TNC. At a certain stage the participation of foreign capital in industry stimulated the expansion of capitalism. But, first, it led to the emergence of a strong imbalance in the socioeconomic structure, separating the national economy from the "progressive sectors," and, second, deprived (and continues to deprive) the local economy of resources: producer goods, progressive technology and the most qualified personnel.

Not simply a "dualist economy" but a "severed economy," so to speak, has been created in Central America in which on the one hand modern technology entirely oriented toward the manufacture of products for the world market is employed and, on the other, an economy which is socially and economically discriminated against of basically precapitalist and early capitalist forms of production and exploitation. In the latter the bulk of the population is held in reserve (preserved and marginalized). The incapacity of the ruling circles and unwillingness of the TNC to regulate socioeconomic relations in this "reservation" are creating a situation of profound social discrepancy in society--a situation of hopelessness for the overwhelming majority of the masses of the people, who are being forced to resort to the sole means of self-defense left to them--uprising.

The activity of the TNC in the 1960's (with the formation of the Central American market) and also in subsequent decades (active participation in import substitution) laid the foundation for the regionalization of the economic problems of the Central American countries. Economic integration, in which the TNC were active, which left a certain common imprint on the position of the national economies, contributed to this. But up to the present this is nonetheless still the general background; the real basis of the situation in each country are specific national problems of development, among which there are similarities, but more differences, perhaps.

As a result of the application of the anticrisis "transnationalization" alternative a "dualist economy" is taking shape and being consolidated in the countries of the region, that is, the marginalization of the considerable proportion of society not involved in the "progressive economy" of the TNC is taking place. In the political plane this is leading to an intensification of authoritarian trends, that is, to the virtual removal from participation in



public life of the working people's masses (including pressure groups which were influential quite recently even: trade unions, associations, boards and corporations), limitation of the opportunities for expression of opinions and a decline in the number of those participating in voting. The latter sometimes appears to be a voluntary renunciation, but is in fact the result of the new style of the social life of a profoundly disillusioned population.

In the Central American countries all these factors are operating actively, and for this reason it has become the focal point of such acute conflict. Socioeconomically it is a sacrifice on the altar of modernization of the world capitalist economy per the anticrisis "transnational" plan.

Pretending to the leading role throughout the capitalist system, the United States has assumed the function of "savior" of the marginalized zones. But in connection with the fact that the basic socioeconomic resources have been geared to the modernization of the basic structures of the system only military-political ones remain for Central America, as also for the Arab East and Southern Africa.

The crisis in Central America is thus not a result of the confrontation between socialism and capitalism, between East and West. It is the crisis of capitalism under current conditions.

Such, as a whole, is the mechanism of conflict in Central America. Its components are the struggle of the peoples of the region for independent and self-sufficient existence and development; the protests of the peasant masses for land and against the landowners and the struggle of wage workers, primarily the working class, against capitalist exploitation. All these areas of the social struggle in the 1970's-start of the 1980's were superimposed on one another, and it is being spearheaded increasingly against the common enemy--the TNC, which have efficiently and recklessly plundered the whole region.

A. Shul'govskiy (USSR Foreign Ministry Moscow State Institute of International Relations): For an understanding of the essence of the anti-imperialist and liberation processes in Latin American countries it is important to ascertain and characterize two aspects of this problem in their dialectical interconnection. It is a question of an analysis both of new trends in these processes and of an interpretation of the factor of continuity in the revolutionary-liberation struggle. The importance of such an approach is also explained, apart from anything else, by the fact that the forces of imperialism and local reaction are also extensively employing in the course of the acute confrontation with the supporters of the revolutionary alternative of social development together with new forms of ideological-political struggle "run-in" methods from their anticommunist arsenal.

It is not fortuitous that such a large place in our discussion has been assigned an analysis of the essence of the processes of "transnationalization," which have embraced the entire capitalist world. "The transnationalization" phenomenon has been analyzed comprehensively and in depth and its inseparable connection with the remaining components of the mechanism of imperialist domination and the considerably renewed arsenal of its methods and means has

been ascertained. Principles oriented toward the strengthening of capitalism on a world scale, particularly in the regions which are most vulnerable from the viewpoint of the stability of the capitalist system, are now moving to the fore increasingly manifestly.

Latin America is just such a region, in whose example it may be seen distinctly that the "transnationalization" process is by no means, as the "debunkers" of Lenin's teaching on imperialism frequently assert, an argument in support of the fact that capitalism has allegedly entered the "ultra-imperialist stage" of development and, consequently, that this teaching is "outdated". Their main argument amounts to the fact that a worldwide market has now in fact already been created which, have broken with national traditions, reduces to pure symbolism the role of sovereign states, thereby making anti-imperialist struggle unnecessary and absolutely futile. This is why Lenin's criticism of both "imperialist economism" and its inherent nihilistic attitude toward the liberation movement for the reason of its alleged economic "impracticability" and of the theory of "ultra-imperialism" with its absolutization of the trend toward the creation of a "worldwide trust" retain their relevance to this day.

The proposition that the "transnational model" has already exhausted its potential, is experiencing a profound crisis and is bankrupt even and is being replaced by other versions being put forward by different class and political forces has been advanced in the discussion. Such a proposition would appear to me to be unduly categorical.

I believe that the reason for this is the imprecise formulation of the question of the essence of the "transnational model," primarily the influence on it of external and internal factors. The point being that in Latin America the "transnationalization" process has acquired such great depth and dimensions by virtue of the fact that in the most capitalistically developed countries of the region (Argentina, Venezuela, Brazil, Colombia, Chile and others) the internal conditions for broad-scale processes of capitalist modernization have already been created. And, what is most important, they have been supported by influential groupings of the local monopoly-type haute bourgeoisie which have entirely consciously, without compulsion "from the center," consented to alliance and cooperation with the TNC. It is also important to note that in far from all countries have the ruling classes resorted to the creation of repressive-modernizing, right-authoritarian regimes. This fact in itself indicates sufficiently convincingly how considerable is the influence of internal factors on the "transnationalization" process in Latin America.

Naturally, the reasons for the establishment of authoritarian regimes should primarily be sought in the internal conditions, although this by no means detracts from the significance of external factors. Latin American communists have called attention to this repeatedly, criticizing a variety of concepts of left-radical sociologists and political pundits concerning the fact that repressive-authoritarian regimes are virtually the result of the activity of the TNC. And the return to civilian forms of government in a number of Latin American states (Argentina, Brazil, Uruguay) itself testifies that it is far from obligatory for influential groupings and factions of the local bourgeoisie maintaining close ties to the TNC to see the permanent existence, so to speak, of authoritarian regimes as the sole guarantee of their domination.

It may be traced distinctly in Brazil's example how different groupings of the local bourgeoisie have gradually departed from support for authoritarian regimes and advocated a return to civilian, representative forms of government and have turned increasingly extensively to methods of social maneuvering. These shifts in the sentiments of the bourgeoisie do not testify to some supernatural "perspicacity" on its part but are explained primarily by current political and social Latin American realities determined by the increasingly active appearance in the political proscenium of democratic, progressive forces and the working class and trade unions. It is important to see here that the different factions of the bourgeoisie of both Brazil and other Latin American countries are by no means questioning the fundamental principles of the "transnational model" for the simple reason that it represents a society of modernized capitalism, which naturally, in terms of its main parameters, suits the ruling classes of these countries.

Of course, it would be wrong not to consider the endeavor of different groupings of the bourgeoisie to advance their "plans" for an improvement of various parts of this "model" and create more flexible systems of the social defense of "neocapitalism," primarily of the attempts to integrate the working class and its organizations in this system. The quite acute contradictions between this part of the bourgeoisie or other and the TNC have to be seen also. But they should not be exaggerated, even less, absolutized. It is hardly likely that some ultranationalist groupings of the bourgeoisie aspire to destroy the "transnational sector of the economy". After all, this would be tantamount to them wanting to lop off the boughs on which they sit.

All the considerations adduced above lead us to the problem of the typological essence of Latin American capitalism. Many considerations have been expressed on this score in the course of the discussion. Some of them elicit objections. Primarily it is difficult to agree with the fact that the coming into being of the bourgeois society in Latin America pertains to the era of imperialism. After all, the long-drawn-out period of original accumulation had been completed in practically all countries by the latter half of the last century. Its end coincided with the start of the intensive process of capitalist accumulation, the source of which, according to the general rule, was primarily plantation-type agriculture closely linked with the world capitalist market. Then there arose in these countries the elements of the capitalist mode of production which prepared the industrial revolution, which reached its culmination by the start of the 1870's. All these factors created the conditions for the conversion of capitalism into the predominant system of relations, which indeed happened when the world had entered the imperialist era, but long before the scientific-technical revolution began.

Now concerning the problem of "dependence" as a most important feature of the Latin American capitalist society. Naturally, the influence of the factor of dependence on the countries of the region cannot be denied--this would mean forcing an open door. But it is something else when the latter is actually identified with a particular "dependent" capitalist type of development.

It is appropriate to recall in this connection that V.I. Lenin pondered in many of his works the development of capitalism under the conditions of dependence and lateness (primarily in the example of tsarist Russia). He did not overlook

the singularities of such development, distinguishing two outwardly mutually exclusive factors here. V.I. Lenin emphasized on the one hand that the very lateness and dependence provided Russia with obvious advantages in the sense that it did not need to invent, so to speak, the bicycle and afforded an opportunity of using the scientific-technical achievements of the developed countries and accelerating the modernization of capitalism. At the same time he observed with all certainty that the singularities of the development of capitalism in tsarist Russia were that the highest "ultramodern" forms coexisted with its "lowest," Black Hundred or "wild" forms and with preserved precapitalist vestiges.\* But V.I. Lenin did not speak about the implantation from outside of a variety of capitalist structures, proceeding from what was to him the perfectly obvious thought that capitalism in Russia was developing according to general regularities, which could not in principle have qualitatively transformed its undoubtedly increased dependence on foreign capital.

These methodological criteria help us understand in greater depth the basic features of bourgeois society in the Latin American countries, which is acquiring increasingly distinct outlines as a result of the "transnationalization" process. There is no doubt that in a number of these countries the most modern forms of capitalist domination are taking shape as a result of the complex, contradictory interaction of internal and external factors.

In connection with what has been set forth above I would like to dwell on the question of the legitimacy and scientific substantiation of such concepts as "center" and "periphery". Despite all the outward laconicism and capacity, these concepts are nonetheless very vague. They have long been the subject of various theoretical and ideological interpretations and conceptual constructions from proclamation of the "center" as a kind of "Leviathan" arbitrarily turning the countries of the "periphery" into its satellitized patrimony through exaltation of the developing countries as being at the epicenter of "revolutionary storms".

To speak specifically, however, of the applicability of these concepts in respect of the countries of the region, their vagueness and imprecision become even more apparent. Latin America should be spoken of--which is more accurate and precise--as a "weak link" of the world capitalist system inasmuch as the capitalist mode of production became the predominant mode in the region ages ago. The "transnationalization" process was designed to strengthen this "weak link".

Nor does ascribing the Latin American states to the world of the developing countries convince us of the legitimacy of the use of the said concepts. Undoubtedly, we may speak of the community of interests of the Latin American with the "basic mass of Afro-Asian states," and not only with them, primarily within the framework of the nonaligned movement, considering that there are in its ranks countries which differ from one another in the level of socioeconomic development, political system and cultural-ethnic distinctiveness.

\* See, for example, V.I. Lenin, "Complete Works," vol 16, pp 140-142; vol 20, p 174; vol 48, pp 12-13.



But the main thing is that states participate in its ranks which have long been moving along a capitalist path and countries of a socialist orientation. There are many states which have not determined their development path and are at the crossroads, as it were.

As far as the Latin American countries are concerned, the process of capitalist modernization has led here to pronounced changes in the social structure of society. The changes in the structure of the working class and the middle strata of the bourgeoisie have been noted in our discussion. Closely connected with these shifts are changes in the political sphere also. Thus parties and movements of the social democratic type have begun to perform an increasingly big role and they rely on the extensive support of the Socialist International. Latin American social democracy should undoubtedly be viewed in the general context of capitalist modernization, in the course of which conditions arise for social democracy which are largely similar to West European realities. Furthermore, for an understanding of the causes of the stimulation of social democracy in Latin America it is necessary to bear in mind the set of most acute social contradictions typical of the developed capitalist countries. A kind of equalization of the conditions (levels, forms and methods) of the class struggle in different parts of the world capitalist system is under way. The strengthening antimonopoly mood both in the ranks of the working class of different Latin American countries and within the framework of broader democratic movements is, in particular, evidence of the equalization of the conditions of struggle. This, of course, cannot fail to be reflected in the nature of the liberation and anti-imperialist struggle. The close interconnection of the anti-imperialist and antimonopoly struggles naturally deepens the content of the revolutionary-liberation process.

The social changes are unfolding under the conditions of the ever increasing exacerbation of the ideological struggle, in the focus of which are the key problems of social development. The most aggressive imperialist circles of the United States have adopted a policy of global confrontation with socialism. Whence the endeavor of the ideologists of the anticommunist "crusade" to create for themselves a mass base, appealing to the private-ownership interests and stereotypes of the petty bourgeois and middle strata and glorifying individualism and "free enterprise". The seemingly paradoxical nature of the situation where the most retrograde ideas of traditionalism and conservatism are being reanimated and the capitalism of "free competition" is being extolled is ultimately explained by the endeavor to mobilize all potential and resources for combating the ideals and life principles of socialism.

Attempting to expand the front of their allies in Latin America, the ideologists of neoconservatism in the United States has adopted a policy of revising the very interpretation of pan-American unity. Whereas previously the main goal of pan-Americanism was declared the spread of institutions of "representative democracy" of the United States to the countries of the region, now the accents are shifting. It is currently a question of casting aside even the demagogic declarations concerning the "absolute value" for the Western Hemisphere of North American official institutions and taking a path of pragmatism bordering

on open cynicism, evaluating political regimes, even the most repressive, solely in terms of the degree of their allegiance to the "basic values" of capitalist society. This is expressed with the utmost candor in the "Santa Fe Document," which was prepared by the ideologists of neoconservatism on the eve of R. Reagan's assumption of office and which was intended as a guide for the United States' Latin American policy for the 1980's.\*

An exceptionally important role under the conditions of the exacerbation of the struggle surrounding the alternatives of social development is being acquired by the problem of continuity in the liberation movement. It has two interconnected aspects. Despite the vain attempts of the ideologists of "Reaganism" to turn the Western Hemisphere into a kind of citadel of individualism and "free enterprise," strong seams of traditions of socialist thought, which, as in European countries, has covered the path of development from utopia to science, were formed long since in the Latin American countries. Addressing a study and interpretation of these traditions, the supporters of the revolutionary alternative are not only conducting a stubborn and principled ideological struggle against the apologists of pan-Americanism in its ultraconservative version but appear to broad strata of the population as the spokesmen for the cherished aspirations of the people's masses, who are dreaming of the creation of a society of genuine freedom and social justice.

The other aspect of continuity in the liberation movement is that the recent experience of the revolutionary struggle not remain the property of the past but that, enriched and comprehended, it be used more fully under present conditions. It cannot be forgotten that both the experience of the term in office of the Unidad Popular government in Chile and the anti-oligarchical, anti-imperialist transformations of the military-revolutionary democrats in Peru (1968-1975) continue to be a target of bitter attacks on the part of opponents of profound social transformations. They assert that in Latin America all "socialist experiments" are inevitably doomed to failure inasmuch as they allegedly voluntaristically disrupt the "natural laws" of economic development, in other words, undermine the mechanism of the functioning of the capitalist system.

The reality is such that the traditions and experience of Unidad Popular today also serve the cause of the progressive forces' struggle against fascist dictatorship. Naturally, account is taken here of the mistakes and miscalculations of the forces of the left, particularly in the sphere of the policy of alliances, primarily in respect of the middle strata of the population. As far as Peru is concerned, many of the successes of the country's progressive forces at the current stage were laid, as they acknowledge, in the period of the revolutionary-reform activity of the military. The mere fact that the forces of the right were unable to completely do away with many of the social gains connected with the activity of Gen V. Alvarado indicates their deep roots in Peruvian reality. And the readiness of the people's masses to defend them testifies to the obvious growth of the political consciousness of broad strata of the population, which acquired in the recent past fruitful experience of the struggle for a better future.

\* See "A New Inter-American Policy for the Eighties," Washington, 1980, p 48.

I believe that when analyzing the cardinal problems of the liberation and anti-imperialist movement it is necessary to take into account more fully and comprehensively the new trends connected with the exacerbation of the struggle surrounding the alternatives of social development and its influence on the political, spiritual, ideological and cultural life of Latin American society.

N. Marchuk (University of Friendship of the Peoples imeni P. Lumumba): To ascertain the historical continuity and current singularities of the revolutionary process in Latin America it is essential to preliminarily elucidate a number of questions of a more general, methodological nature. These problems have been indicated sufficiently clearly in the course of the discussion. It is a question primarily of the correlation of the general and the particular in the development of Latin American capitalism.

Two, it would seem, fundamentally different approaches have been outlined in the solution of this question. The first ensues from the proposition that the excessive attachment of the countries of the region to the world capitalist economy causes the "run-off" onto them of the negative influences of world crises and that this may be avoided by reorienting these countries' development toward the domestic market. Were such "isolation" of Latin American capitalism to be continued logically, it would finally be deprived altogether of many of its features, including the properties of engendering and not only reflecting crisis.

The second approach proceeds from the fact that the development of Latin American capitalism is subordinated to regularities which are universal for the given mode of production. However, the particular historical conditions of Latin America have led to the disruption of the "classical" logic of capitalist development, that is, consecutive passage of a number of phases--the transfer from outside of "overripe" structures began at an early stage. The bourgeois society which was formed here was characterized by dependence on the centers of capitalism and a complex interweave of external and internal contradictions. The Latin American states themselves, however, have found themselves in a dual position, as it were: they are integrated to this extent or other in the world capitalist economy and are simultaneously associated with the Afro-Asian countries.

The latter approach seems to me more productive in the scientific respect. I would nonetheless mention two points. First, the colonial past, the disruption of the "classical" outline and dependence were characteristic of other countries also, but the logic of the natural-history movement of capitalism was capable of being different (Canada, Australia, New Zealand and, partially, the United States). Second (and more importantly), the particular conditions of the former colonial periphery may not only not change the general laws of capitalism but, on the contrary, contribute to their manifestation in a far more exposed form than in the "classical" centers. It is not fortuitous that it was precisely this periphery which frequently served for Marx as excellent material for ascertaining some universal laws or illustrating others (see, for example, Chapter XXV of "Das Kapital").

It follows from this that in an analysis of Latin American capitalism it is evidently essential to proceed from the general to the particular, that is, first ascertain the general regularities and then switch to an analysis of particular conditions. Such an analysis naturally presupposes the finished scientific elaboration of the problems of Latin America's socioeconomic history. However, the present state of Soviet Latin America studies is such that researchers' liveliest interest in contemporary problems of the region is frequently combined with a very hazy notion of its past, particularly the colonial period and the 19th century. There are extremely few works on these questions, and there is a lack of special historico-economic studies altogether. The "Outlines of the Genesis, Evolution and Crisis of Capitalism in Latin America" which was recently published by an authoritative group of scholars cannot make good the existing gap since, given the absence of special works, it is difficult to prevent the involuntary transfer of today's vision of the region's problems to its past. In other words, in the current situation the principle of historical method has consistently not been pursued at the time of an analysis of Latin America.

It would be of interest in this connection, it would seem, to examine on the basis of a comparison of past and present the manifestations of at least two general laws of the capitalist mode of production exerting an appreciable influence on the development of the revolutionary process in the region which are frequently taken for singularities of Latin American capitalism.

The first is connected with two historical trends inherent in capitalism on the national issue. "The first is the awakening of national life and national movements, struggle against any national oppression and the creation of national states. The second is the development and increased frequency of any relations between nations, the breakdown of national barriers and the creation of the international unity of capital and economic life in general.... Both trends are a world law of capitalism. The first predominates at the start of its development, the second characterizes a capitalism which is mature and proceeding toward its conversion into the socialist society."\*

Since this is a world law, how is it operating in Latin America? Which stages has capitalism already passed through here and at which is it now?

The war for independence in the region was fought essentially for extended scope for the development of the capitalism which was springing up and is for this reason rightly attributed by Soviet researchers to the category of bourgeois revolutions. The maturing of this war evidently may also be determined as the starting point of the action of the first trend. The universality of the law is confirmed, incidentally, by the fact that not one but a whole series of revolutions and wars of the same type occurred on the scale of the entire New World in a short time and irrespective of to precisely which European power--Britain, France, Spain or Portugal--this colony or the other belonged.

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\* V.I. Lenin, "Complete Works," vol 24, p 124.



The political independence of the Latin American states was not the principal gain of the given revolutions, as is frequently claimed in literature, but merely a prerequisite and means of tackling more profound and important bourgeois tasks. "The economic basis of these (national--N.M.) movements is the fact that the bourgeoisie's conquest of the domestic market is essential for the complete victory of commodity production.... The formation of national states most satisfying these demands of contemporary capitalism is therefore a trend (aspiration) of any national movement. The most profound economic factors push toward this, and for all of West Europe more; the national state is for this reason typical and normal for the capitalist period for the whole civilized world."\*

The final action of the first trend may evidently be considered the import-substituting industrialization of the 1930's-1950's, which was accompanied by a new wave of bourgeois (bourgeois-democratic) revolutions and the appearance of mass movements of a national-reformist persuasion. Between the starting and final points was an intermediate stage--the period of the complete victory of commodity production prepared by the "liberal" revolutions and reforms of the first half of the 20th century, which at the expense of church and communal land had expanded and consolidated latifundism.

The second trend starts in motion with the exhaustion of the potentialities of import-substituting industrialization (development "from within"). Its distinctiveness here is that Latin American capitalism outgrows the national framework not only in the form of expansion to less developed countries (Argentina and Brazil to Africa, for example) or regional and subregional economic integration but also in the form of incorporation in the position of "junior" partner in the structures of world capitalism being created at the current stage by the TNC and TNB. The unevenness of capitalist development is naturally reflected in the nature of this process. A change of development toward the domestic market is hardly possible in such a context. On the contrary, Yu. Korolev's proposition concerning the fact that objectively the plans of national-capitalist development being put forward by the haute bourgeoisie are aimed at pulling up other sectors of the economies of the countries of the region to the level at which a new twist of the "transnationalization" spiral is possible seems to me correct and important from a scientific and political viewpoint.

The process of the "creation of the international unity of capital" is one which is extraordinarily painful and attended by tremendous difficulties for its main participants--the local and foreign monopolies. The integration of Latin American capitalism in the world capitalist economy, and as a "junior" (and for this reason unequal and plundered) partner, furthermore, stings the national self-awareness of the Latin American peoples, which has matured and been consolidated in the course of two centuries and to which the local bourgeoisie was appealing so recently even. This means that development within the channel of capitalism is becoming increasingly incompatible with the aspirations of broad strata of the population to independent national development. And in the future this incompatibility will obviously grow.

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\* V.I. Lenin, "Complete Works," vol 25, p 258-259.

The other general regularity of capitalism is the concentration of wealth at one pole and poverty (absolute or relative) at the other. Whereas in the past the expropriation of the vast mass of the direct producers served as the main prerequisite for the start of capitalist production proper, the periodic reproduction of social inequality (simple or expanded) constituted and continues to constitute a most important condition of its "modernization" and accelerated growth.

Today the action of this law is pronounced even in the imperialist centers and is manifested in an increase in unemployment, an unprecedented cutback in social programs and an offensive against the working people's gains. But in Latin America it has been and continues to be manifested in even more exposed form. The entire history of the development of capitalism in the region is the history of the sufferings of hundreds of millions of people. This should not be lost sight of by those who see a change of Latin American capitalism toward the domestic market as the solution of social problems also.

The 1960's-1970's were marked in the region by the accelerated growth of capitalism at the same time as its highly limited social development, which in the course of the discussion has been defined by the "growth without development" formula and portrayed as being in some way quite exceptional. To me, on the contrary, this phenomenon would appear to be a general regularity of capitalism operating under the "particular" conditions of Latin America in a particularly pure form. We are faced here with a real contradiction intrinsically inherent in capitalism in general: accelerated growth has been possible because social development has been extremely limited. It is for this reason, perhaps, that the Latin America region is enriching the world revolutionary process with new varieties of social revolutions, uprisings and mass social protest movements, which are preceded not by a protracted crisis but, on the contrary, accelerated and stable growth.

In a word, the present methods of the solution of social questions by Latin American capitalism are the most classical (for the present day) manifestation of the said regularity of capitalism. Deprived of mechanisms of transferring the burdens of the crisis and "modernization" to weaker competitor-partners and, on the contrary, "helping" the more powerful of them to ease social tension in their own countries, this "junior" partner has been forced to bring crashing down on its own peoples, as throughout its history, the laws of capitalist accumulation in all their unattractive nakedness. In the foreseeable future it will undoubtedly find a way out of the crisis on the paths of "transnationalization," increase the profit norm and, it may well be, secure for itself a certain period of stable and accelerated growth. But will it succeed in just as rapidly "concealing" the reverse side, the other component of this process? I believe not.

Thus the objective course of the development of capitalism in Latin America has entered into irreconcilable contradiction with the national and social aspirations of the broadest strata of the population. In real life, of course, these two different sets of aspirations are interconnected. Of course, national feelings, aspirations and mentality play a big part in the life of society and may sometimes act relatively independently in respect of the base components.

But it is no less important to be able to perceive also the material content which this stratum of the population or the other sometimes invests in these ideal motives. In this sense many examples of connection and dependence between the national and the social may be found in the history of Latin America. Thus in the war for independence the people's masses, while the creole bourgeoisie was passing off its narrow-class interests as national interests and compensating for the lack of a social program with persistent propaganda of national abstractions, remained at best indifferent and at worst hostile in respect of their "liberators". But as soon as the latter had succeeded in groping its way toward this real interconnection--and the Spanish colonizers themselves helped this--and inserting changes in their slogans, the national liberation movement thereupon acquired a mass base. In the 1930's-1950's the Latin American bourgeoisie was able to create mass nationalist movements obviously primarily because it had succeeded in linking national-capitalist development based on import-substituting industrialization with satisfaction of part of the working people's demands. Finally, does not the appearance of an entire spectrum of "national socialism" concepts employed by both revolutionary and reactionary forces attest the actual interconnection of the national and the social?

However, as of the end of the 1950's the possibilities of the social maneuvering of the Latin American bourgeoisie have been reduced increasingly, which has been caused, as already said, by the course of the development of capitalism itself. The mass national movements, which initially were extremely far from socialism, are increasingly often objectively coming to reject capitalism itself, the most striking manifestation of which have been the revolutions on Cuba and in Nicaragua and Chile. Nonetheless, the bourgeoisie still has some opportunities for manipulation in a "national spirit" and it is making active use of them. But the ruling class is incapable at this stage of underpinning this "spirit" materially. In seeking the salvation of capitalism on the paths of "transnationalization" it is increasing the discontent of the supporters (entirely bourgeois) in principle of everything "national" and in restricting formal liberties arranging against itself those who see "pure" democracy as a principal value of bourgeois society. Whence the confusion which has embraced intellectual circles of Latin America, which has been mentioned in the course of the discussion, is understandable.

Nor has imperialism anything to propose in this respect. It would appear to be incapable at the present of a large-scale reprint of the Alliance for Progress and is forced to compensate for the lack of socioeconomic resources with persistent saber-rattling. And this again has its "dark" sides. The sharply increased aggressiveness of imperialism has been unable recently to conceal the fact that it is in a position of defense in depth and is conducting it at a price of the even greater exacerbation of its own contradictions.

In Latin America the degree of concentration of such contradictions is tremendous. Discontent with capitalism is embracing, albeit for different reasons, the most diverse strata of the population. While joining the liberation struggle and multiplying its potential thereby these strata are at the same time also creating considerable difficulties for the truly revolutionary forces. Merely the expansion of the composition of the participants in this struggle is capable of complicating many times over the problem of, say, alliances in the revolution.

Today's "roundtable" will undoubtedly help investigate these complexities.

I. Zorina (USSR Academy of Sciences Institute of World Economy and International Relations [IMEMO]): Questions connected with the crisis which at the start of the 1980's embraced not only the economic but also the sociopolitical sphere of the social life of the majority of Latin American states have naturally been at the center of our discussion. Several definitions of this crisis have been proposed in the course of the discussion. Its definition as a cyclical crisis imposed on the crisis of all social structures appears to us the most correct. Engendered to a considerable extent by external factors, namely, the structural and cyclical crisis in the industrially developed countries, it has appeared in Latin America predominantly as a reflected crisis. And its most obvious external manifestation has been the crisis of the "development on credit" model, which was prepared and provoked via channels of the currency-finance sphere and foreign trade and has been materialized primarily in the menacingly increased foreign debt. Its other interpretation--as a crisis of the "transnational model of capitalist modernization"--raises doubts, as, equally, does the proposition that the socioeconomic possibilities of capitalist modernization of the basis of "transnationalization" have already been exhausted in Latin America.

First, the complex processes of the development of the Latin American countries cannot be reduced to their "transnationalization," although the process of the continued inculcation of the TNC and TNB in the economy and social fabric of society proceeded at an accelerated pace in the 1970's and first half of the 1980's, particularly in the most developed countries--Brazil, Mexico, Argentina and Venezuela. But it is important to emphasize here that the TNC not only provoked the import of capital in a large volume both in investment and (particularly in the 1970's) in loan form but have also become to an ever increasing extent a factor of the internal development of the host countries. They have employed various forms of participation (joint ventures, license agreements, contracts for the supply of managerial services), consenting to cooperation both with big national capital and with the state sector. The TNC have to a considerable extent accelerated the process of concentration of capital and monopolization and contributed to the conversion of certain local social strata, primarily the ruling elite and the bloc of the national technocracy and the bourgeoisie associated with these countries' individual foreign monopolies, into components of international class communities. They have "worked" for the accelerated differentiation of both the Latin American states themselves and different social groups within them.

Second, as V. Sheynis correctly observed, the processes of "transnationalization" in the region should be put in a world context. Throughout the developing world, as, equally in the developed capitalist countries, an accelerated process is under way of the globalization of the activity of the TNC and TNB, which are currently the engines of the structural reorganization of the entire world economy and the structure of international finance capital.

It is more legitimate, we believe, to speak of a crisis of national development strategies in a number of Latin American countries at the start of the 1980's. And here also we can agree most with those who see as the direct causes of the seriousness with which the crisis unfolded at the start of the 1980's the said



countries' predominant orientation in the past decade toward foreign economic factors and the excessive linkage of the reproduction process with unrestricted imports of foreign, primarily loan, capital and with the increase in "development on credit".

However, the strategy itself had appreciable differences in its national versions. A national-reformist version of accelerated capitalist modernization was provided in the 1970's by Mexico, Venezuela, Costa Rica and Colombia. The right-authoritarian military regimes of South America, which are usually portrayed as being somewhat uniform, showed in reality within the "transnational model" framework two appreciably different paths of capitalist modernization--in terms of the criterion of the state's participation in economic and social development and its control over the activity of the TNC and in terms of the degree of statization of the economy and society.

Having turned to transnational capital for the purpose of the accelerated modernization of the economy, in Brazil the military authoritarian regime preserved to a considerable extent, although it did vary, methods of state regulation and control over the activity of the TNC. The military government created an all-embracing and comparatively efficient control machinery, employing such forms of regulation of their activity as fixing the share of foreign capital's participation in national enterprises, apportioning--in accordance with general economic strategy--the priority sectors for the TNC and closing off to them other sectors, determining the proportion of products of the local affiliates of foreign companies intended for export, demanding a certain percentage of employment of national manpower, the use of local resources, the participation of national personnel in management and so forth.

The Brazilian regime succeeded on the whole in ensuring social and political stability in the first half of the 1970's at a price of subordination of the whole of society to the domination of the military-technocratic bureaucracy and beginning the modernization of the economy, undertaking its structural reorganization, diversification and technological renewal. However, in the process of accelerated economic growth the social contradictions, contrasts and disproportions not only were not smoothed over but were exacerbated. Society's rickety political development initially excluded even the national haute bourgeoisie associated with the TNC from the decision-making mechanism. The 1974-1975 economic crisis, which was provoked to a certain extent by external factors (the exacerbation of energy problems), showed the vulnerability of the military-statist model and the dangers which could ensue from its sociopolitical "ossification". This is why it was at that time that the ruling upper stratum, forestalling an upsurge of the democratic movement, consented to a certain political transformation of the regime, an expansion of the ruling bloc and indulgences for the opposition. Admittance of the bourgeoisie directly to the levers of power was subsequently accompanied by unhurried, but consistently expanded liberalization in 1978-1984. The rights of the bourgeois political opposition were gradually consolidated, but the transition to a civilian democratic system was accomplished without a serious break with the evolved authoritarian power structure.

Brazil thus provided a model of the political liberalization of an authoritarian regime conducted "from above," outpacing the mass social and political movement, given reliance on the partially completed capitalist modernization of the leading sectors of the economy and given the support of the TNC and the general approbation of the U.S. Government.

A different path was taken by the military dictatorships in countries of the Southern Cone (Argentina, Uruguay and, partially, Chile). Having turned to the services of economic experts of the Chicago School, they were oriented entirely toward the market as the sole regulator and stimulator of development. A gamble was made in Chile here on the unlimited use of monetarist prescriptions: the winding down of the system of state regulation, reprivatization of the most important sectors of the industry of the state sector, a sharp reduction in state spending, on social needs included, and so forth. Similar measures were implemented in Argentina, although state intervention was an important factor of economic life. Oriented toward their countries' fuller inclusion in the international capitalist division of labor by way of the production primarily of competitive export products, the military governments opened up their economies, as it were, to "all the winds" of the world capitalist economy and... failed. The "shock therapy" aimed at rapid adoption of the new economic model caused a shock, but was unable to produce a therapeutic effect and, what is most important, was unable to ensure the accelerated modernization and structural reorganization of the economy.

Whole sectors of the national economy went into decline and there was a series of bankruptcies, not only of small and mid-sized but also of a number of large local firms. The arsenal of means employed to speed up capitalist modernization (particularly the pursuit of a strict deflationary policy, a reduction in the budget, a wage freeze, a reduction in social spending, an appreciable limitation of the working people's share of distribution and their practical exclusion from political life) had a definite social thrust. The interests of the working people and working class, that is, the mass base of the parties and movement of the left, were infringed and the positions of the bourgeois-oligarchical groups--agrarian, industrial and banking--and particularly of the local bourgeoisie associated with the TNC affiliates, technocratic tiers of the civil service and the military elite were strengthened.

The exceptionally high social costs of the policy of "economic liberalism" (the reduction in the workers' real wage and mass ruin of representatives of the middle class and petty and middle national bourgeoisie) were "compensated" by means of terrorist dictatorship and the liquidation of all forms of political opposition and trade union organization. No military regime of the states of the Southern Cone performed modernizing functions. More, at the start of the 1980's they had all brought their countries to the brink of economic and financial catastrophe.

The military proved, furthermore, talentless politicians. The hectic quest of the Argentine junta (under President Galtieri) for an "unprecedented rapprochement" with the United States did not save it from political collapse, which was accelerated by the Falklands (Malvinas) war. And although outwardly

their retreat after the lost war appeared organized to a certain extent and the departure from office occurred in accordance with a "schedule" which had been drawn up (under strong pressure from the mass democratic movement, it is true), the economic and sociopolitical failure of the regime was completely obvious. President R. Alfonsín, who had accumulated in the course of the election campaign even all the antidictatorial sentiments in the country, moved toward a considerable purge of the army and was not afraid to organize a kind of "mini-Nuremberg"--the committal to trial of the army upper stratum, including former junta leaders responsible for the mass terror in respect of their own people.

The political changes in Argentina, which occurred at the time of a critical disruption of the consensus in the ruling bloc, were prompted by a broad movement from below. It has already exerted and is evidently continuing to exert an appreciable influence on the formation of the new political system. These changes will possibly be the basis not simply of a limited liberalization but of broad democratization, which will ensure the country's departure from the spiral of alternating military and civilian, bourgeois-authoritarian regimes.

Although it had reached the start of the 1980's with certain positive results in the economy (a moderate growth of the gross domestic product, a reduction in inflation and an increase in and the diversification of exports), which had been achieved thanks to the persistent exploitation of the working people, the fascist regime in Chile had been unable to accomplish any profound modernization of the economy. The 1981-1982 crisis, a sharp decline in production and exports, a new surge of inflation and a series of bankruptcies which affected not only the mid-sized and small firms but also the biggest financial clans led to the collapse of the regime's already infirm social base. Even the haute bourgeoisie and transnational capital, populous middle strata and the church switched to opposition to it. Despite the repression, a powerful movement against the dictatorship and for democracy arose in the country.

The bourgeois-democratic opposition, which is united in the Democratic Alliance, and the coalition of forces of the left--the Popular Democratic Movement--have put forward a single slogan--"Down With Pinochet"--rightly believing that "Pinochet will not depart until he is overthrown" and excluding the possibility of any negotiations with the bloody dictator. It is precisely this breadth and fighting spirit of the mass movement which have made useless the extremely timid political maneuvers of top-level changes undertaken by Pinochet. Liberalization "from above" in Chile is evidently closed. Like the "patriarch" (from G. Marquez's novel), besieged by his own people, the fascist dictatorship has found itself completely isolated. Even the White House has repeatedly expressed regret concerning the absence of a "dialogue between the junta and the democratic opposition" which would make it possible to avert a further polarization of forces.

Democratization "from below" could have at least two not entirely alternative outcomes. It could be either purely bourgeois and therefore merely partial in the event of the political agreement of all the antidictatorial forces not being reached and the Communist Party, the National Democratic Movement and other forces of the left finding themselves squeezed out of the decision-making mechanism. But the version of broad democratization in the event of the

accession to power of a coalition of forces of the left and the establishment of a "new, democratic, popular and national system which will favor changes ensuing from the objective requirements of social progress and spur them"\* is not precluded either

So not having performed or having performed only partly their modernizing functions, the right-authoritarian regimes are quitting the Latin American scene. Does this signify a crisis of the "transnational" model of development? I believe not. In our view, it is wrong to rigidly bind this "model" to military authoritarian regimes. Of course, on the eve and at the outset of the 1970's these regimes were highly attractive for the TNC since they ensured for a certain time social and political stability and highly favorable conditions of their activity. But even then the establishment of such regimes in a number of countries of South America was explained not by the fact that the TNC could not be introduced in the economy of these countries in other forms. "Transnationalization" processes had been occurring no less rapidly within the framework of national-reformist political systems in Mexico, Venezuela, Costa Rica and other states also. The direct cause of the military coups in the 1960's-1970's in a number of South American countries was connected with the need for the local bourgeoisie, TNC and imperialism as a whole to respond swiftly and ruthlessly to the entirely real threat of the bourgeoisie's loss of power in some countries (Chile) or ideological-political hegemony in society in others (Brazil, Argentina, Uruguay) which had arisen as a result of revolutions or radical reforms.

Behind this, of course, were most deep-lying requirements. Inasmuch as the import-substituting model in the economy of the majority of South American countries had exhausted itself by the mid-1960's, as had, equally, populist forms of government, Latin American capital together with the TNC sought ways of the accelerated modernization and structural reorganization of the economy with the more extensive attraction of external resources and the in-depth inclusion of their countries in the international capitalist division of labor, which presupposed the growing attraction "outward" of part of the economic potential of the Latin American countries and simultaneously the interiorization and penetration of foreign capital, primarily American, "inward." And inasmuch as such modernization could not have failed to have entailed a growth of social disproportions, an intensification of the exploitation of the working people, a lowering of their living standard, a rapid increase in unemployment and marginalization under the conditions of backwardness and turbulent demographic processes and the inevitable exacerbation of the class contradictions authoritarian regimes proved in the short term the most dependable.

But by the start of the 1980's, not having provided a historical prospect of reaching the tracks of stable development, the military began to return to barracks. The TNC participated most actively in the replacement of the military dictatorships by liberal bourgeois regimes, endeavoring to prevent a profound democratization of the political systems and close off the popular-revolutionary alternative of the development of Latin American societies. The TNC are not going anywhere, but, using primarily economic and currency-finance levers, they

\* L. Corvalan, "Tres periodos en nuestra linea revolucionaria," Dresden, 1982, p 212.



are endeavoring to "tame" the new civilian regimes and win from them even greater liberalization of their activity than under the military regimes.

The new civilian regimes in South America and also the national-reformist systems which have already taken shape, including the Mexican regime, which has undergone a certain political transformation since the mid-1970's, are currently faced with an exceptionally complex task. They have not only to quickly find a way out of the crisis and solve the question of the foreign debt in one way or another. The main thing for them is completing the capitalist modernization (including the creation of new industrial sectors which are competitive on the world market) and responding to the structural reorganization which is under way in the developed capitalist states. Simultaneously it is essential that they undertake the social modernization and integration of society.

Whereas the task of consolidation of the new power bloc and its expansion thanks to national big capital associated with the TNC, the civilian technocracy, managers and even part of the new middle strata has already been accomplished in Brazil and Mexico and would appear to be entirely possible in other of the most developed countries of the region, securing if only relative stability and compromise in the socioeconomic sphere on the whole is difficult. After all, the disintegration processes in Latin American society are not abating and in many areas increasing. The ever increasing incorporation of important sectors of the national economies in the reproduction process of the developed capitalist states and the internationalization of the local business connected with them and the elite is leading to their increasingly significant alienation from the interests of national development proper.

The social-polarizing development model which has been practiced for many years has led to the expansion of the domestic market encountering serious obstacles. The consumer demand not only of the dangerously increased mass of marginals but also of significant strata of the working people has been limited and the problem of the discrepancy in the development levels of individual regions and national integration has intensified. The possibilities of pursuing a broad social policy, particularly income redistribution in the interests not only of the middle class but also of part of the working people and the workers to reduce income polarization and secure for the new regime a more solid social base, are also limited. Even in Brazil, where the economic boom at the start of the 1970's enabled the bourgeoisie to expand the framework of social policy somewhat, announce a policy of "national integration" and begin the enlistment of workers in "profit-sharing" by way of making shares available to them, the possibilities of social maneuvering had narrowed at the start of the 1980's, under the crisis conditions.

The foreign debt, for which there is no swift solution and which is revealing the Latin American countries' steady dependence on the centers of the world capitalist economy, will undoubtedly hinder their emergence from the crisis and exacerbate the solution of social problems, which are becoming increasingly serious and causing concern among many governments of countries of the region and even the TNC and also the circles in Washington which determine the United States' Latin American policy. It is precisely in the sphere of social policy

that international capital, particularly the IMF, is demanding of the Latin American governments in the coming years the "strictest austerity," which, even American specialists believe, could lead to a "sociopolitical boomerang, jeopardizing the new democracy."\*

Finally, no less complex, seemingly, is the task of the formation here of a developed political system of capitalist society which would secure for the bourgeoisie, both national and transnational, and the ruling class as a whole indisputable ideological-political hegemony and an opportunity, without resorting to extensive violence (particularly military coups) and using the party-parliamentary mechanism, to cut off the extreme opposition forces both on the left and on the right pretending to a change in the nature or form of power.

I would like to make one observation in connection with V. Davydov's assertion that in terms of the main criteria the bourgeois society in the Latin American countries has become fully established. The bourgeois society as a sociopolitical organism is not the equivalent of the capitalist economy. It presupposes a developed system of political institutions permitting the ruling class to exercise its power "representatively" and the existence of a "civilian society". In the majority of West European states a bourgeois political society with a party-parliamentary system took shape back in the 19th century at a considerably lower level of development of the capitalist economy. Such a political society does not exist in Latin America today even in the most developed countries. Under the conditions of social instability and the absence of developed political structures and self-regulating mechanisms which would cater for development on the basis of a consensus of the main bourgeois forces the need arises constantly here for both the ruling classes and the opposition to resort to violent methods of struggle, particularly at moments of crisis, when it appears to the powers that be that there is no means other than the military fist for keeping hold of power and society from disintegration. Strong caudillist and military-authoritarian traditions are imposed on this. The Latin American countries have provided the paradoxical model of steady social disintegration and political instability.

With regard for all these specific features of the formation of the social and political structures in the states of the region the coming into being here per the European model of the infrastructure of the civilian society (in Marx's understanding) necessary for the steady channeling of the social activeness of the masses and the strata which have not been admitted to decision-making, that is, without power in society, would seem very difficult under the new conditions. Combination of the social struggle of the working people with the democratic and political movements will evidently represent the greatest danger for the bourgeois regimes in the years to come.

A. Glinkin (USSR Academy of Sciences Institute of Latin America): It was noted at the 26th CPSU Congress during characterization of the new phenomena of international life that the role of the Latin American countries, particularly

\* FOREIGN AFFAIRS No 5, 1984, p 1070.

Argentina, Brazil, Mexico, Venezuela and Peru, in world affairs had grown considerably. Highlighting this group emphasizes the important role performed in the region primarily by the "big three" states and also the "second echelon" countries, among which we should also put Colombia, and their increased assertiveness in world affairs. The "six" account for more than three-fourths of the territory, population, gross domestic product and industrial and agricultural production of the region. These indicators suggest that its fate will ultimately be decided in this group of countries.

As is known, the situation in the world and in Latin America has changed sharply in the 4 years which have elapsed since the 26th CPSU Congress. The natural question in this connection is: how is the above-noted trend being manifested under current conditions and are the active independent actions of the Latin American and Caribbean states in the world arena increasing or decreasing? In what areas or sectors of international life are their efforts being concentrated most, what impact is this group of states having on the course of the confrontation of the two lines in current international politics--the policy of consolidating peace and the course aimed at the preparation of a new world war using means of mass destruction?

In order to find an answer to the said question it is essential to turn to an analysis of the key problems which moved to the fore in the Latin American states' foreign policy activity in the 1980's. Such an analysis shows that the change in their place and role in world economics and politics was brought about not by market factors and is an objective-historical process reflecting the growth of their economic potential, shifts in the social-class structure, the removal from power of pro-imperialist oligarchies, the strengthening of nationalist trends and the formation of international relations with the socialist world, Asian and African developing states and the nonaligned movement beyond the jurisdiction of imperialism. It is significant that the process of the democratization of domestic political life which had unfolded in the countries of the Southern Cone in the 1980's under the impact of the struggle of the people's masses has exerted a positive influence on their foreign policy. The replacement of military-dictatorial regimes in Bolivia, Argentina, Uruguay and Brazil by civilian governments has led to their increased assertiveness in international affairs.

There has been an appreciable change in Latin American countries' attitude toward the main problem of the present day--deliverance of mankind from nuclear catastrophe. The Falklands (Malvinas) war unleashed by Britain in the South Atlantic and the U.S. intervention on Grenada shook Latin America. Its peoples saw for themselves that the imperialists may at any moment bring crashing down on their heads the full power of modern arms, including nuclear weapons. There has been a shift in the public consciousness, which has lent new impetus to the antiwar movement in the region. The "Appeal of 100" and the Continental Conference of Peace Movements of Latin America and the Caribbean in Guayaquil (Ecuador) in 1984, which had extensive repercussions, reflected the increasing disquiet in connection with the arms race being spurred by the Reagan administration and the plans to transfer it to space. In May 1984 the presidents of Argentina and Mexico signed in Delhi in conjunction with the heads of state and government of Greece, India, Tanzania and Sweden the "Declaration of Six"--an appeal to the nuclear powers for peace and an end to the arms race. Their position was supported by many Latin American countries, which was

manifested repeatedly in the course of the UN General Assembly 39th Session. Furthermore, the representatives of Argentina, Brazil, Bolivia, Guatemala, Colombia and also Spain, who attended the inauguration ceremony in March 1985 of J. Sanguinetti, who had been elected president of Uruguay, again expressed in a joint statement approval of the Delhi declaration and emphasized that the destiny of Latin America was "inseparably connected with the preservation of international peace."\* Shortly after this Argentine President R. Alfonsin, in the course of an official visit to Washington, handed R. Reagan, albeit not provided for by protocol, the Delhi declaration, thereby confirming that Argentina would continue to advocate nuclear disarmament and the prevention of the militarization of space.

When examining the positive changes in the foreign policy of a large group of Latin American countries and the further establishment therein of elements of an objectively anti-imperialist thrust it has to be considered that not only internal regularities of development but also the fundamental changes in the correlation of forces in the world arena characterized by the growing role of the USSR and the entire socialist community are influencing the formation and realization of their foreign policy courses under current conditions. In the 25 years which have elapsed since the victory of the Cuban revolution, when world socialism became for the first time a direct factor of international relations in the Western Hemisphere, a constantly expanding "socialist states--Latin America" system of relations has taken shape which already has a quite developed treaty-legal basis and incorporates economic, political, scientific-technical and cultural relations. The events of the 1980's have confirmed that it possesses stability in respect of the pressure of outside forces and the internal enemies of cooperation with socialism.

In the past 5 years the reciprocal commodity turnover of the Soviet Union and the Latin American states (excluding Cuba) has more than tripled, amounting in 1984 to R1.91 billion\*\*compared with R600 million in 1979. Argentina and Brazil have joined the USSR's biggest trading partners among the developing countries. In the 1980's new agreements on trade-economic and scientific-technical cooperation have been signed with Argentina, Brazil, Venezuela, Nicaragua, Peru and Mexico. Sessions of mixed commissions, which studied specific questions of the further development of relations in these spheres, were held in Moscow and the corresponding capitals.

Similar data characterize the development of the relations of the CSSR, GDR, Poland and other socialist community states with Latin America. The Soviet Union and the other socialist countries are continuing to render technical assistance and are participating in the construction of industrial facilities in Argentina, Bolivia, Brazil, Colombia, Costa Rica, Mexico, Nicaragua, Peru and Ecuador and on Jamaica.

Visits of government delegations, contacts at foreign minister level in the course of the UN General Assembly 37th and 39th sessions and interparliamentary exchanges have contributed to the strengthening of political relations and the

\* GRANMA, 5 March 1985.

\*\* Estimated from "The USSR's Foreign Trade in 1984". Statistical Collection, Moscow, 1985.



development of a dialogue on questions of bilateral relations and global international problems in the first half of the 1980's. In 1984 alone the USSR was visited by members of parliament from Argentina, Mexico and Colombia, and USSR Supreme Soviet delegations paid visits to Brazil and Mexico. The positions of the socialist countries and a number of Latin American states (Argentina, Brazil, Venezuela, Nicaragua and others) have drawn closer together on many urgent questions of the present day.

Thus the joint Soviet-Venezuelan announcement on the official visit to the USSR in April 1983 of Venezuelan Foreign Minister J. Cambrano set forth the position of the two countries on such cardinal problems as the multiplication of efforts to prevent nuclear war, limit and reduce arms, prevent the militarization of space, enhance the role of the United Nations as an effective instrument of the preservation of peace and international security, establish a new international economic order and conduct global negotiations on questions of international economic relations. The document expressed serious concern at the growth of tension in Central America and the Caribbean and declared the USSR's and Venezuela's solidarity with peoples struggling for national independence.

It is being understood increasingly in government circles and among the public of the countries of the region that a new type of relations characterized by the genuine equality of the partners is being established within the "socialist states--Latin America" system of relations. Although the volume of trade-economic and other relations within the framework of this system is still considerably inferior to the volume of Latin America's relations with the developed capitalist powers, its political significance for the Latin American countries is determined by the fact that world socialism supports their endeavor to achieve economic independence and play an active part in world politics.\*

Socialist Cuba has a big impact on the shaping of the situation in the region. The strength of this country, which is small in size and population and lacks significant military or economic potential, resides in the high moral authority and consistency of its foreign policy, which follows a firm, scrupulous line based on proletarian internationalism, friendship and cooperation with the USSR and the other socialist community states and close ties of solidarity with the communist, workers and revolutionary movements in all parts of the world.\*\*

At the same time Cuba, like each socialist state, has its own specific foreign policy tasks, which ensue from its national interests, particularly from its geographical location--close neighborhood with the biggest imperialist power--and the historically evolved relations with states of the region. Cuba's constitution emphasizes its aspiration to unification with the Latin American and Caribbean countries which have freed themselves from foreign domination and internal oppression in a single community of peoples united by historical traditions and joint struggle against colonialism, neocolonialism and imperialism.

\* See Aldo Sesar Vaes, "Los socios discretos. A caracter nuevo en las relaciones entre Argentina y USSR," Buenos Aires, 1984.

\*\* See "Second Cuban Communist Party Congress," Moscow, 1982, p 272.

It is natural that for such states socialist Cuba serves as a center of attraction. Close cooperation has been established between revolutionary Nicaragua and Cuba. Its relations with Guyana and Surinam are of a friendly nature. Cuba rendered the M. Bishop government on Grenada great assistance and support in the period 1979-1983, and relations with Jamaica under the M. Manley government were active.

Thus a trend emerged in the region at the frontier of the 1980's toward the cohesion around socialist Cuba of governments and countries which had opted for the path of independent development. It is not surprising that U.S. imperialism is resisting this progressive trend with might and main, as far as open armed intervention. However, despite this, it is, with many difficulties and temporary setbacks, nonetheless paving a way for itself, and the future is on its side.

As of the start of the 1980's the Latin American countries encountered the increased aggressiveness of U.S. imperialism and its main NATO ally--Great Britain--which employed armed force to preserve its colonial outpost in the South Atlantic. In the Reagan administration's term in the White House the United States has switched from methods of "verbal terrorism," economic squeeze and diplomatic pressure to the organization of large-scale subversive operations against sovereign states of the region, the buildup of its military presence in the "flash points," the use of "undeclared war" tactics and the pursuit of open armed intervention against countries which have embarked on a path of independent development.

As a result the tenseness of the situation has increased throughout Latin America and, particularly, in the Caribbean zone. Although the interventionist course of the Reagan administration is spearheaded against socialist Cuba and the vanguard revolutionary forces in Central America, it is a threat to the sovereignty of all Latin American countries. The explosive situation that has come about in the Caribbean subregion is little different today from the center of military danger which exists in the Near East, which is giving rise to the growing disquiet of many states of the region and the world community. It is not surprising that these problems moved to the fore in the foreign policy activity of the Latin American countries, particularly those which are a part of the Contadora Group.

The emergence and activity of the Contadora Group are remarkable in many respects. The interventionist policy of the United States has put to many tests the Latin American system of interstate cooperation which evolved in the 1960's-1970's outside of the OAS framework and which represents a highly ramified network of organizations of economic integration and predominantly nonformalized mechanisms, that is, not based on corresponding treaties or agreements, of the formulation of the joint demands of foreign policy acts of the countries of the region.

The Reagan administration has exerted much effort to regionalize its Caribbean strategy and involve in its implementation as large a number of Caribbean and South American states as possible. However, the majority of Latin American governments has dissociated itself in this form or other from Washington's

militarist policy. In addition, Venezuela, Mexico, Colombia and Panama, which united within the Contadora Group framework, have displayed valuable initiative, having drawn up a broad set of proposals for ways of settling the conflict situations in Central America ("Act of Peace and Cooperation in Central America"), and promoted assertive diplomatic activity for the purpose of winning to their side other countries of the region and the international community. And they have managed to successfully accomplish this task, in the main. The "Act of Peace" was accepted unconditionally by the Sandinista government, which put forward in February 1985 reciprocal peace initiatives, and has obtained the support of socialist Cuba.

Almost all Latin American countries had made common cause with the Contadora Group by the start of 1985. Their joint position was expressed, in particular, in the Quito Declaration, which was approved by the conference of heads of state and government (or their personal representatives) which assembled in the capital of Ecuador in 1984. Its participants declared: "We reject interventionism, which has occurred so recently and dramatically in the region." The declaration emphasizes that "Latin America and the Caribs do not intend serving as an arena of confrontations which are alien to them. They firmly believe that the region's problems should and can be solved in accordance with its traditions and in the interests of ensuring peace on Latin American soil."\* This position undoubtedly serves as a factor of a strengthening of stability in the current tense international situation and is making it more difficult for Washington to implement its interventionist plans.

It would be no exaggeration to say that the Reagan administration's aggressive policy in the Caribbean has led to results which are entirely different to those on which it was counting. For the first time, perhaps, in the 150-year-plus history of the United States' relations with its southern neighbors the latter have openly, at official foreign policy level, counterposed their line to Washington's interventionist course. They reject both the ideological postulates of the White House, which is unsuccessfully attempting to explain the development of revolutionary processes in the region by "Soviet-Cuban interference" and to interpret them as a manifestation of East-West confrontation, and the U.S. imperialists' gamble on armed force. The Contadora Group's proposals are based on the principles of noninterference and respect for the right of each people to arrange their destiny at their discretion and aimed at the solution of the conflicts which have arisen by peaceful, political means.

It is natural that these proposals have earned the broad international support of the USSR, the other socialist community states, many Western powers, including a number of NATO members, Japan, the nonaligned movement and the Socialist International.

In fact in the implementation of its Caribbean strategy the Reagan administration has found itself in almost total international isolation. The situation may be compared with the position in which the United States found itself in the past at the final stage of the "dirty war" in Vietnam. The White House has been forced to declare in words its approval of the proposals of the Contadora Group, although in practice is impeding their implementation in every possible way.

\* GRANMA, 14 January 1984.

Another most acute problem which has proven in the 1980's to be at the center of the Latin American countries' foreign policy activity is the question of their huge and back-breaking foreign debt. It long since outgrew the purely economic framework and has become a subject of the concerns of "grand diplomacy". And the trend toward joint actions has been manifested in this question also. This has served as yet further evidence of the existence of an objective basis for regional cooperation. The unifying trend is explained primarily by the existence between the whole group of Latin American states (despite all the differences in their sociopolitical orientations) and the leading imperialist centers of contradictions which cannot be removed by partial concessions or half-baked reforms. Furthermore, the interests of the countries of the region are drawing closer together in connection with the need to counteract the growing economic dependence on the TNC and the actual requirements of the struggle for a change in their unequal position in the world capitalist economy.

For the first time the joint position of Latin American states on the question of their foreign debt was set forth in the above-mentioned Quito Declaration. In it the conferees who had assembled in the capital of Ecuador warned the United States and other creditor-countries and the TNC and international finance organizations with all seriousness that the West bears its share of responsibility for the emergence and solution of the foreign debt problem of the Latin American and other developing countries, which will be possible only if the terms of its settlement are "flexible, realistic and compatible with economic recovery."\* Subsequent conferences in Cartagena (Colombia) in June 1984 and Mar del Plata (Argentina) in September 1984, in which the 11 Latin American states with the biggest debt participated, provided a comprehensive justification for the approaches of the countries of the region to this problem.

Fearing the formation of a united front of debtor-states in Latin America, the imperialist powers consented at the end of 1984 to a partial settlement of the question by way of bilateral negotiations with the principal debtors: Brazil, Mexico, Argentina and Venezuela.\*\* However, this was merely a temporary postponement, and acute new battles lie ahead.

Surveying the events of recent years in Latin America, certain serious negative phenomena have to be seen also. The Reagan administration would not now, possibly, be acting so provocatively and openly in Central America and the Caribbean if in the course of the Falklands (Malvinas) crisis 3 years ago the British imperialists had encountered an effective united front of all Latin American countries and had been quite substantially rebuffed. It was not fortuitous that in actively supporting the M. Thatcher government Washington simultaneously prevented by all means the solidarity of the peoples and many governments of countries of the region with Argentina acquiring a more efficient and effective character. As is known, the fact that a number of Caribbean states, which after obtaining independence remained in the Commonwealth (the former British community of nations), was in fact on Britain's side and declined to

\* GRANMA, 14 January 1984.

\*\* See CLARIN (Buenos Aires), 4 December 1984.



participate in the activity of the committee for assistance to Argentina which had been established by the Latin American Economic System testified to the difficulties which were revealed in the organization of their joint actions at the time of the crisis in the South Atlantic. Nor were the attempts to impose retaliatory sanctions on Britain successful. A particular position was occupied by such countries as Colombia which have territorial disputes with their neighbors. They proceeded from the fact that the Argentine action could create a precedent which could be used against their interests.

There are many other obstacles en route to the achievement of the real solidarity of the peoples and governments of Latin American states, which socialist Cuba, revolutionary Nicaragua and a broad spectrum of popular forces are urging the most actively. One is alerted by the fact that several bloc-type organizations like the Central American Democratic Community or the subregional system of security and defense forces of the East Caribbean countries have been created in the region in recent years with the encouragement of U.S. imperialism. The said organizations have nothing in common with the tasks of Latin American cooperation but serve the goals of counterposing to one another states of the region with different political regimes. The negative consequences of this were manifested, in particular, in connection with the U.S. armed intervention on Grenada. Such phenomena, which are engendered primarily by the Reagan administration's endeavor to introduce a split in Latin American interstate cooperation, cannot be ignored, although should not be exaggerated. It also has to be considered that economic development along the capitalist path in Latin America is being accompanied by an increase in the relative significance and political influence of the social-class forces striving for its greater integration, both in the economic and military-political respects, with the main centers of present-day imperialism. The agreement on cooperation in the military-industrial sphere which was reached in 1984 between the United States and Brazil was a further reminder of this.

Despite all the difficulties and temporary setbacks, the unification trend in Latin American interstate cooperation, which is positive in its basic features, is blazing a trail for itself. Displaying a clear endeavor to distance itself from the global strategy of imperialism, the main group of countries is continuing even under current international conditions to advocate a strengthening of the nuclear-free zone conditions in Latin America, restoration of Argentina's flouted rights to the Falklands (Malvinas) and global negotiations on a new international economic order. Latin American countries' participation in the nonaligned movement and their assertiveness in the United Nations, where they frequently vote together with other developing states, have increased.

An analysis of long-term trends thus testifies that the role of the main group of Latin American countries in the modern world continues to grow, although the exacerbation of the international situation and the increased aggressiveness of U.S. imperialism in the region have created many new complex problems and impediments to the Latin American states' pursuit of an independent foreign policy course. It is perfectly obvious that an analysis of their foreign policy should be approached in a strictly differentiated manner. Such an approach nonetheless does not do away with the need to ascertain the general trends of the change in the place and role of countries of the region in international relations at the current stage.

Closing remarks of V. Vol'skiy, corresponding member of the USSR Academy of Sciences and director of the Institute of Latin America: We have managed to discuss and, what is most important, elucidate a good deal at our "roundtable". At the same time a whole number of problems requires additional analysis and a new exchange of opinions. Scientific cognition is a constant process.

It is ultimately for the reader to judge the results of the discussion. But we also, I believe, have a right to sum up some results. What should be mentioned first of all? The main result is undoubtedly the similarity of opinions on the central question. The reality of Latin America provides sufficient arguments for the conclusion concerning a new stage in its history--economic, social and political. And this is attended to a considerable extent by qualitative changes of a world scale. Agreement was also revealed concerning the "dividing line," which opened the new stage with the extraordinary cyclical crises of 1974-1975 and the start of the 1980's.

We would note particularly the general recognition of the very strong influence which the last cyclical recession exerted on all spheres of the social life of the Latin American countries. But the participants in the discussion were obviously right not to confine themselves in their analysis to phenomena of a cyclical nature and to link them with a phenomenon which is more deep-lying for Latin America--the structural social crisis and the interweaving of the one and the other. Whence the considerable exacerbation of socioeconomic and, indirectly, political contradictions.

In the majority of speeches it was a question of the long-term consequences of the critical "turning point" of the start of the 1980's, the braking of economic growth, an expansion of the scale of exploitation, an inevitable intensification of mass discontent, a narrowing of the sphere of sociopolitical maneuvering for the local ruling circles and the endeavor of imperialism (U.S., primarily) to use, given the reduction in economic potential, methods of power political--and even military--pressure.

The formulation of the question concerning the considerable technological structural reorganization and its consequences for the centers and periphery of the world capitalist economy merits attention. How will this influence Latin America's relations with the developed capitalist countries and be reflected in the region's place in the international division of labor? What is needed here is intensive research work, an unprejudiced approach, a balanced consideration of the negative and positive lessons of past discussions and the more thorough mastery of the methodological instruments of Marxist-Leninist philosophy and political economy. And, of course, such a task is not accomplished by the forces of Latin America specialists alone. Scientists of a broader profile have things to say here, and, obviously, MIROVAYA EKONOMIKA I MEZHODNARODNYYE OTNOSHENIYA has the opportunity to discuss the question in a different key and composition.

But even now (preliminary and even through the prism of Latin American studies) we may speak of far-reaching qualitative changes in the general conditions of reproduction and the nature of the sociopolitical development of Latin America. And there are to be expected, furthermore, not simply changes but considerable complications in its further advance along the capitalist path.

I believe that both "alarmist" conclusions and unduly tranquil arguments: they have emerged from crisis before, they will emerge now also, are inappropriate in an evaluation of the outlook. There is no doubt that capitalism still has considerable potential. Nor is it exhausted in Latin America. But it is a question not of an ordinary crisis but of a most profound structural break at a high level of the internationalization of economic life and given the increased probability of devastating "chain reactions". It is also a question of the increased vulnerability of the dependent economy of countries of the region to the cataclysms and recessions in the centers of the world capitalist economy and to their, to put it mildly, egotistic policy in international economic relations. And this inevitably also means the sociopolitical vulnerability of the system based on such an economy.

Characterizing the stage that has begun, participants in the discussion naturally took as a basis the conclusions summing up in one way or another our ideas concerning the past stage. Mention was made in this connection of conceptual differences and nonconcurrence of viewpoints, as of some defect, furthermore; the existing differences in approach were equated virtually with Soviet Latin America scholars' lack of a common theoretical platform. But, first, it is precisely the existence of different approaches to this study of this phenomenon or the other and their different interpretations and evaluations which create a need for scientific discussion. Second, Soviet scholars do have a common methodological base and a single ideological-theoretical platform--Marxist-Leninist. As far as specific paths of the investigation and analysis of reality are concerned, they may differ and indeed do differ. Elevating them to the level of special "theories" and interpreting one's colleagues' positions in one's own way and then refuting such constructions is evidently not the best method of polemics.

No one is claiming that Latin America's development is conditioned not by internal factors and not a combination of internal and external but merely by the latter. The entire process of the social development of the countries of the region does not amount merely to "transnationalization" or to the fact that it has exhausted itself. No one has denied nor is denying the objectively conditioned process of monopolization in the economy of the capitalist countries of Latin America. No one has put his hopes in nor is putting his hopes in a "national bourgeoisie" allegedly capable of "conducting a consistent anti-imperialist struggle". Even less is any one of us attempting to "remove" the historical responsibility from the local ruling circles for the oppression of their own peoples and the crisis state of the national economies. Why, then, one wonders, do we need "windmills"? Is it not better to conduct the discussion per the facts?

The heart of the matter is that the capitalist world is qualitatively heterogeneous. The fundamental Leninist conclusion concerning its division under imperialism into "oppressor and oppressed nations"\* is not disaffirmed but confirmed by the realities of our day. From the viewpoint of study of the socioeconomic and political problems of Latin America this conclusion should obviously be understood as a need to ascertain and consider the objectively

\* See V.I. Lenin, "Complete Works," vol 30, p 390.

inevitable distinctiveness of the historical conditions of the development of capitalism in the zone of imperialist oppression, a distinctiveness not counterposed to the general regularities of the given mode of production.

Of course, an endeavor to emphasize and put at the forefront the significance of this factor and feature or the other of social development is reflected at times in the different approaches to the investigation of such singularities. I believe that our task now is not to cast aside the results of past work or affect the pose of custodian of the truth in the last instance but to synthesize at the new level of scientific comprehension of reality what Soviet scholars have already achieved in the given sphere of research. This is seen as the outlook and fruitful path of the development of Latin America studies. And I would like to hope that our "roundtable" has contributed to at least some extent to the accomplishment of this task.

We can agree that obscurities are preserved in evaluations of the past, which makes an analysis of the present day more difficult. The periodization of the capitalist development of individual Latin American states also probably pertains to the questions which have as yet been insufficiently studied. All of us--historians, economists, sociologists--still have a great deal of work to do to underpin our conclusions and generalizations with specific-historical arguments. Particular significance is attached, I repeat, to questions of periodization in terms of individual countries of the region and consideration of the pronounced chronological differences of their entry into capitalism.

History is unforgiving of the mistakes of anyone, scholars included. I believe we have made somewhat too much haste, having been carried away with the latest trends, particularly in an examination of the singularities of the present-day revolutionary process. Despite the pronounced acceleration of the capitalist development of Latin America, the prebourgeois "stratifications" have far from become the property of history, even in such a country as Argentina. They will still for a long time obviously influence the composition and structure of the contradictions of the new stage. Therefore the question of agrarian transformations has not been taken off the agenda and will be incorporated in the tasks of democratic revolution. Many other traditional problems and contradictions retain their significance also.

Attention has rightly been called to the differences in the "models" (or, more correctly, strategies) of capitalist modernization. The blind alleys of "transnationalization," which is linked with an authoritarian political superstructure, have been revealed primarily in Chile, Argentina and Uruguay. Other versions, however, exist also. Thus despite all the complications and malfunctions, the "Brazilian model" has shown certain potential and a capacity for adaptation to changing conditions. And we must not forget this. The appearance of new modifications at the new stage is not precluded. But the heart of the matter is that in Latin America the socioeconomic base for such experiments is contracting. The bourgeois-democratic regimes which have come to replace the military dictatorships are also encountering big difficulties (both inherited) from the past and new). Under these conditions the social base for alternative social solutions is expanding. We must give serious thought to this, extending the analysis of the available experience and possibilities of anti-imperialist and anticapitalist struggle.



Latin America has already ceased to be merely an object of world politics. The role of many countries of the region in international affairs is growing constantly. This trend will continue at the new stage also--such is a substantiated conclusion of the "roundtable". And the role of active subject of world politics, furthermore, however paradoxical it may seem, is largely conditioned by the United States' attempts to revive the traditions of imperial diktat in relations with its southern neighbors. The reaction of counteraction principle.

The interweaving in the foreign policy of the Latin American countries of motives and goals traditional for them with burning world problems, primarily questions of war and peace, has, perhaps, become a singularity of the new stage. And it is not only a question of the fact that in pursuing an imperial policy the United States is creating centers of military danger in the region itself. Government circles of Latin American countries are beginning to share the general concern at the unpredictable consequences of the arms race and brinkmanship. Striking evidence of this is the Delhi Declaration, which was signed in January 1985 by the presidents of Argentina and Mexico together with the heads of state and government of India, Sweden, Tanzania and Greece. And this is not simply an expression of the opinion of statesmen of individual countries. It is essentially the will of the peoples of different continents.

The fate and hopes of the peoples of Latin America are evidently drawing even closer to the cherished aspirations of the people's masses of other parts of the world at the new stage of historical development. Just such a summary conclusion may complete the exchange of opinions at our "roundtable".

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## BANKERS, ACADEMICS DISCUSS WESTERN CURRENCY-CREDIT PROBLEMS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 85 (signed to press 15 Jul 85) pp 139-143

[Reports by G. Anulova, A. Medvedev and I. Doronin respectively on two seminars on currency-finance issues: "Urgent Problems of International Currency-Credit Relations"]

[Text] The editorial board offers to readers' attention the material of two scientific seminars held this year. Their basic purpose was an exchange of opinions between specialists on the new phenomena and trends in the currency-finance sphere of the world capitalist economy and the tasks of a further increase in the efficiency of the USSR's currency-credit relations.

Representatives of academy and VUZ science, the USSR Gosbank and the USSR Foreign Trade Bank took part in a scientific-practical seminar on problems of international currency-credit relations which was held in the Moscow area.

The introductory report of Candidate of Economic Sciences A. Movchan (USSR Gosbank) emphasized that securing the Soviet Union's currency resources requires an in-depth and meaningful analysis of the new development trends of the currency-credit sphere of present-day capitalism. Broad theoretical generalizations and practical recommendations for Soviet foreign economic establishments should be the result.

The 1980's have been characterized by a significant increase in currency-finance instability in the capitalist countries whose roots should be sought in the 1980-1982 cyclical crisis--the most acute since the war--the growth of interimperialist rivalry and shifts in official economic policy.

At the same time an increasingly important factor of the disorganization of the currency-finance sphere is its increased independence in respect of production and exchange. According to the most modest estimates, daily currency deals in the capitalist world are in excess of \$150 billion, and of these only approximately 10 percent service the actual movement of commodities and capital. The internationalization of the monetary-credit sphere and the appearance of new types of transactions have brought about an expansion of the financial markets,

increased the mobility of monetary capital and led to a reorganization of the banking system. Not only a further swelling of fictional capital but also the appearance of new derived forms thereof is observed.

The increased significance of the finance-credit sphere in the economy, B. Fedorov (USSR Gosbank) observed, is confirmed by the speedier growth rate of financial assets compared with production, the absolute and relative increase in the number of persons employed in financial-credit establishments and the increased share of the financial sphere in the GNP. It currently accounts for 5 percent of GNP and 5 percent of persons employed in the United States, 9 and 10 percent respectively in Great Britain. In the period 1974-1984 bank assets alone in this country grew twice as fast as GNP.

The qualitative reorganization of the capitalist countries' financial-credit sphere is manifested in the spontaneous breakup or weakening of legislative, traditional and other barriers between different spheres of the credit business, financial establishments and the markets. Great significance is also attached to the change in many Western countries toward an official policy of liberalization of the financial-credit system.

The extensive introduction of computers has changed appreciably the nature of banks' activity in connection with the development of fundamentally new types of transactions, the disappearance of the distance factor, easier access to bank services and expansion of the circle of clients.

Vl. Kuznetsov and Ye. Kolokolova (USSR Academy of Sciences IMEMO) examined the singularities of the short-term bond markets in the leading capitalist countries and the credit establishments' attempts to reduce the risk of investing liquid assets under the conditions of sharp fluctuations in interest rates and the bond prices on the stock markets. Vl. Kuznetsov dwelt on a characterization of the method of international diversification of the portfolio of short-term assets enabling the banks to achieve a certain stabilization of income. According to his calculations, in the period 1971-1983 a portfolio incorporating in an equal proportion 3-month government bonds of the United States, Japan, the FRG and Britain was more stable than a nondiversified portfolio. Ye. Kolokolova noted the extensive spread in recent years of the trade in securities on "option" (with the right of the buyer or seller to decline a forward transaction, having paid compensation) and also "switch"-type transactions (with the "shuffling" of different terms of maturity).

The tremendous influence of the United States' monetary-credit system on international currency-finance relations was the reason for the seminar participants' attention to the singularities of its current development.

Candidate of Economic Sciences M. Portnoy (IMEMO) noted that the new inflow of foreign capital into the United States in the 1980's has not only balanced the current account deficit but upheld the dollar's exchange rate. In terms of economic content this is credit, with the aid of which countries overseas are financing surplus imports of commodities and services in the United States. The greater demand for loan capital than supply has been determined not only by the need to finance the colossal budget deficit but also the need for resources to develop new sectors and processes in the course of the structural reorganization of the U.S. economy.

Ye. Belyanova (IMEMO) observed that such an approach needs amplifying. Thus the degree of influence of the United States' restrictive monetary-credit policy and the federal budget deficit on interest rates was predetermined to a considerable extent by the corresponding phase of the economic cycle and the singularities of the development of the crisis processes in the production sphere. Having found themselves in the grimmest financial position of the entire postwar period, firms began a race for means of payment. The structural reorganization of the economy conditioned even under crisis conditions a relatively high level of real accumulation. This caused demand not only for means of payment but also for monetary capital, causing extreme strain on the credit system and the heightened reaction of the loan capital market (and, consequently, of interest rates) to any changes in supply and demand.

Interest rates and the forces which influenced them have had an appreciable impact on the state and results of the activity of the American banks. The speech of Candidate of Economic Sciences A. Sarchev (IMEMO) was devoted to an analysis of the dynamics of their profits. The net profits (after tax) of the 14,000 commercial banks of the United States in 1983 had more than tripled compared with 1970 and constituted \$15 billion. Even in crisis periods, when the aggregate gross profits fell, the U.S. commercial banks managed not only to preserve but also increase net profit thanks to a reduction in expenditure on the payment of interest on clients' deposits and a lowering of tax deductions.

The need for a consideration of the new factors when analyzing the movement of currency exchange rates was substantiated in the speeches of Candidate of Economic Sciences A. Tsimaylo (IMEMO) and Candidates of Economic Sciences Ye. Myagkov and D. Tulin (USSR Gosbank). A decisive influence on the mechanism of the formation of exchange rates has been exerted, A. Tsimaylo believes, by the sharp increase in currency transactions not directly connected with the servicing of commercial deals, which performed the main role in the shaping of the long-term correlation of supply and demand for currency. In the long-term aspect the currency exchange rate changed in accordance with the cost proportions of international commodity turnover, while the movement of sums of capital caused only short-term fluctuations. Given the tremendous increase in financial flows, even a negligible asymmetry, but one which is preserved for a long term, is capable of reducing to nothing the trend brought about by actual demand.

The quantitative growth of noncommercial currency transactions, D. Tulin observed, has been accompanied by qualitative changes. Among these are the increased liquidity of the currency market and the increase in speculative trends. They were prepared by the appearance of new types of credit instruments and the development of fixed-term currency deals. This has afforded investors an opportunity to transform long-term into current liabilities and small-scale and medium-sized clients to engage in speculation without actually involving large monetary assets. This has served as an additional factor of the increased chaotic nature of the currency sphere and the increase in currency and credit risk insurance transactions.



The rapid development of the currency markets, Ye. Myagkov emphasized, does not testify that they are servicing international economic relations more efficiently. To neutralize the destabilizing influence of the currency factor the big corporations and banks are opening branches dealing with barter trade. The search for reserve currencies and means of payment alternative to the U.S. dollar has been stepped up in the West. In particular, a trend toward the expanded use of the European Currency Unit (ECU) has been discerned.

Candidate of Economic Sciences V. Acharkan (IMEMO) dwelt on certain approaches to the forecasting of the movement of capitalist currency exchange rates. He noted that under the conditions of the mass migration of speculative capital the quotations are changing to an increasingly large extent not from the effect of deep-lying economic factors but of factors of a political and frequently psychological nature. The sharp fluctuations in exchange rates are engendering the need for the forecasting of their movement, and there is no universal method of prediction, furthermore. This or the other approach is preferable depending on the specific currency, the forecasting period, the general economic situation and the currency exchange rate conditions.

The econometric models widespread in the 1970's-1980's have demonstrated relatively low efficiency. At the same time ever increasing practical significance is attached to the need to predict the movement of quotations under the conditions of "floating" exchange rates.

The report of A. Kovganov (USSR Gosbank) illustrated the "charts" method, which is being employed increasingly often in banking. The supporters of this method believe that the markets automatically take account of the entire diversity of factors of the formation of currency exchange rates, therefore a reliable forecast may be obtained on the basis of a thorough study of the graph of the movement of an exchange rate over a lengthy period of time--the "chart". Use is made here of a certain set of so-called "figures" characterizing recurrence ("tunnel," "flag," "head and shoulders" and so forth). Their appearance on the graph predicts quite accurately the dynamics and direction of the movement of the exchange rate.

O. Yenukov (USSR Foreign Trade Bank) emphasized the particular urgency of forecasting the main economic indicators of the leading capitalist countries, currency exchange rates, interest rates and the precious metal prices for the efficient practice of the USSR's foreign economic relations and defense of the Soviet side's currency interests. A forecasts market has taken shape in the West, and the problem is selecting the most reliable. The USSR Foreign Trade Bank watches such publications. However, relying solely on foreign research is insufficient. Soviet practical organizations practicing foreign trade relations experience a need for their own prompt, regular and specific forecasts. Such research in the scientific establishments would not only enhance the efficiency of the work of our foreign trade organizations but would make it possible to raise to a new level the study of the economics of capitalism. After all, the creation of forecasting models contributes to a more in-depth cognition of the phenomena being studied and the precise determination of the interconnections of different factors.

A. Medvedev (IMEMO) dwelt on the significance of an improvement in information-statistical support for the forecasting of the USSR's currency-credit relations with the capitalist and developing countries. Use of so-called "mirror" (Western) statistics for this purpose frequently provides a distorted idea of the actual processes, which reduces the practical value of the forecast models. For this reason there is an urgent need for an extension of the list of calculated and published indicators of the USSR's foreign economic relations and the increased quality and efficiency of statistical publications.

The report "Certain Questions of the Activity of the USSR Foreign Trade Bank in the Light of the Current Situation in the International Banking System" was delivered by Candidate of Economic Sciences O. Preksin (USSR Foreign Trade Bank). The crisis situation of the 1970's and, particularly, of the 1980's in the capitalist banking system brought even a number of the biggest financial establishments to the verge of bankruptcy. Some 79 American banks went under in 1984 alone--a level unprecedented since the Depression. According to official data, one out of every 20 American banks is now in a disastrous position.

The intensification of negative trends in the international banking system is making higher-than-usual demands on an analysis of the financial position of our agents for the preparation and adoption, if necessary, of measures protecting the country's currency interests and guaranteeing the timeliness and continuousness of our international payments and the complete security of currency resources.

Candidate of Economic Sciences I. Doronin (IMEMO) spoke on questions of the currency-credit mechanism of the USSR's foreign economic relations. The impact of current factors of the external market on the economy as a whole is constantly manifested via foreign trade and currency-finance relations. A change, for example, in the cost volume of national exports and imports also brings about a change in the correlation between the amount of both material and currency resources dispatched to and received from the foreign market. The results of foreign economic transactions are reflected in the budget.

These factors are taken into consideration by the central planning authorities and management bodies. At the same time, given the lack of enterprises' direct contacts with the foreign market, it has been necessary to stimulate their foreign economic activity to elaborate a number of additional measures of an economic and organizational nature to increase their interest in the high-performance and timely execution of export orders and the rational use of imported equipment and materials. Particular significance is attached in this connection to the correlation of centralized measures and the increased initiative, interest and responsibility of the economic units in foreign economic activity. An important place here belongs to questions of an improvement in the cost instruments of the control of foreign economic relations--the currency exchange rate, prices, credit and others. Stimulation of their role would make it possible to tie in the interests of the national economy more fully with the interests of individual enterprises and contribute to the increased efficiency of foreign economic activity and a removal of interdepartmental barriers.

The organizers of and participants in the seminar were unanimous in their evaluation of its usefulness and expressed the wish that such meetings become traditional in the interests of science and practice.

A seminar organized by the Problem-Solving Council of the RSFSR Ministry of Higher and Secondary Specialized Education in conjunction with the Political Economy Department of the Leningrad State University imeni A.A. Zhdanov Economics Faculty was opened by Doctor of Economic Sciences S. Ivanov (Leningrad State Pedagogical Institute imeni A.I. Gertsen). The collapse of the Bretton Woods system, the speaker said, has not eased the antagonism inherent in capitalist currency relations connected with the fact that the function of world money is performed by a national currency--the U.S. dollar. The fact that the American monetary unit continues to perform the leading role in international payments and the formation of currency reserves has been used by the U.S. Government in the 1980's to increase other states' dependence on the United States. The considerable increase in the discount rate in the United States has played a decisive part here.

At the same time the overstated dollar exchange rate is creating a conflict situation. The more appreciable its separation from domestic purchasing power, the more strongly the factors of its decline operate. The experience of the Bretton Woods system shows that although the preservation of an overstated dollar exchange rate is possible, it is based on a profoundly contradictory foundation.

The 1976 Jamaica agreement, Associate Professor Yu. Pashkus, candidate of economic sciences (Leningrad State University), observed, has not justified the hopes that were placed in it. Not only the "old" contradictions have remained unresolved but new forms have arisen of the interdependence between currency exchange rates on the one hand and prices, interest rates and balances of payments on the other.

There is incessant discussion in the West concerning a reorganization of the mechanism of foreign settlements. Some Western specialists see as the solution of the problem a stimulation of state intervention in the transactions on the currency markets and also the pursuit of a concerted economic policy. In the proposed prescriptions an important place is assigned a strengthening of the regulating role of the IMF and proposals on endowing the SDR with the functions of a world money. The majority of the versions of reform are utopian inasmuch as currency problems cannot be solved in separation from the basic problems of the world capitalist economy.

Candidate of Economic Sciences I. Korolev (IMEMO) dwelt on questions of the destabilizing influence of international currency relations on the world capitalist economy. Current processes in the sphere of foreign settlement are having an appreciable impact on world trade. Influencing the conditions and efficiency of foreign economic exchange and the dynamics and structure of commodity and financial flows, they have become a principal factor of destabilization of the world capitalist economy. Under the conditions of the fluctuating currency exchange rates the use of international cost indicators has been complicated considerably. For example, in dollar terms commodity prices on the world market have fallen in recent years, but in the national currencies of other capitalist countries have increased.



The considerable rise in the dollar exchange rate in recent years has also had a contradictory impact on the mechanism of transferring inflationary processes. Although the reduction in the cost of imports for the United States has curbed inflation in the country, the inflow of capital from other countries into the United States has operated in the direction of an increase therein. As a whole the deceleration of the growth of prices in the United States has been unable to ease this problem in a number of other countries, for which the cost of dollar-priced imports in the national currencies has increased considerably.

Candidate of Economic Sciences V. Dermanov (Leningrad State Pedagogical Institute) called attention to the fact that traditionally the formation and dynamics of currency exchange rates are connected with the parity of purchasing power, which is regarded as an objective cost basis. Currently this approach is in need of amplification. Present-day currency exchange services not only settlements connected with the transfer of goods and services but to an ever increasing extent the movement of capital also. Accordingly, the currencies of different countries are both representatives of the cost of goods and services and representatives of a self-growing value--capital.

Candidate of Economic Sciences I. Klyuchnikov (Leningrad State University) observed that the increased instability of the economic and political development of capitalism has increased currency risks sharply. In the 1980's losses and income connected with exchange rate fluctuations have sometimes exceeded the sum total of corporations' profits from industrial and commercial activity. As a result there has been a considerable increase in the number of bankruptcies and a deterioration in the financial position of many companies.

Under these conditions the TNC are reorganizing the forms of both domestic and foreign currency-settlement transactions. A transition from the decentralized to predominantly centralized organization of settlements between affiliates is taking place primarily, which is being accompanied by the creation of specialized companies. They regulate the effective term of concluded agreements and carry out multicurrency transactions, hedging and swap-type transactions. Simultaneously there is an expansion of the TNC's activity in the currency markets thanks to the extensive use of arbitration transactions and fixed-term currency deals.

Endeavoring to ease considerably their dependence on currency fluctuations, the TNC are expanding direct commodity-exchange transactions. The trend toward the transition from monetary to less developed forms of value is a result of the crisis of both the currency and domestic monetary systems of the capitalist countries.

Candidate of Economic Sciences I. Doronin (IMEMO) emphasized that the increased instability of the currency-finance sphere has complicated considerably the activity of Soviet foreign trade organizations. As distinct from capitalist firms, which employ various forms of currency risk insurance (the conclusion of deals in the national currency of one of the contracting parties, transactions on the currency futures market, insurance of transactions in state organizations and so forth), Soviet foreign trade organizations practice extensively the inclusion in the contracts of special provisions.



An analysis of their forms testifies to the trend of a departure from insurance based on a single currency and the prevalence of multicurrency provisos, based on SDR's included. Together with this the currency risk is taken into consideration in the price of the contract.

Candidate of Economic Sciences S. Kotelkin (Leningrad State Pedagogical Institute) observed that several "individual" currency prices may be distinguished: comparative export prices, comparative interest rates and the comparative growth rate of stock prices. Consequently, the exchange rates must fluctuate around an "integral" currency price formed from the weighted "individual" prices. All the remaining factors (speculative expectations, political events and others) should obviously be regarded as deflecting the currency exchange rate from the base. The movement of the American dollar's exchange rate against the Deutschmark and Japanese yen in the period 1974-1983 shows that its quotations changed in accordance with the mean trajectory between the parity of purchasing power, the comparative interest factor and the correlation of the stock price growth rate.

In the opinion of Candidate of Economic Sciences D. Tolokontsev (Leningrad Financial-Economic Institute imeni N.A. Voznesenskiy), long-term fluctuations are determined by fundamental factors--the growth rate of the economy, changes in labor productivity, the level of relative inflation and so forth. Medium-term fluctuations in currency exchange rates largely depend on the dynamics of financial factors and specific measures of economic policy. Since 1980 the dollar's exchange rate has increased almost 60 percent in relation to a basket of 10 West European currencies. To judge from a time framework, we may speak of a long-term trend. Its causes have been studied in sufficient detail. They consist of the policy being pursued by the U.S. Government, the high level of loan interest and also the behavior of economic agents interested in a high dollar exchange rate. This long-term rise is determined by factors of a medium- and even short-term nature. Here lies the serious contradiction.

The intensive exchange of opinions at the seminar contributed to the further strengthening of the relations between the Leningrad and Moscow centers of the study of capitalism's currency problems.

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#### BOOK ON GOLD IN CAPITALIST ECONOMIES REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 85 (signed to press 15 Jul 85) pp 148-150

[A. Sharov review: "'All the Gold of the World'..."]

[Text] Gold was one of the first metals to become known to people. Commodity-money relations conditioned its conversion into a true fetish; from grains of the "yellow metal" found by our distant forebears in river sand a "golden calf" took shape to which millions of people bowed down--and, unfortunately, continue to bow down. The interest evoked by each new study connected with "gold" subject matter is therefore natural.

The work in question\* attracts particular attention, however, inasmuch as its first edition (1968) evoked stormy disputes which have not died down yet. The considerable changes which have occurred in the currency-monetary mechanism of the capitalist economy in the most recent years have also contributed to this, in particular. As he writes in his introductory remarks to the new edition, in this connection S. Borisov "considered himself obliged to once again address the problem of the boundaries and possibilities of the impact of the state-monopoly complex on the capitalist gold mechanism and attempt to amplify the understanding of the corresponding questions with reference to the current stage" (p 7).

It should be mentioned that the author has performed a great deal of work on preparing the second edition. He has not simply updated the entire numerical and factual material (which is of great significance in itself, making the book a kind of "encyclopedia of gold") but also provided an in-depth Marxist analysis of the phenomena he describes. The book points precisely to the historical boundaries of the functioning of gold as a monetary commodity. The squeezing from this role of all other metals and the establishment of the gold standard were objectively conditioned by the requirements of developing capitalism. "Free transactions in gold," we read, "contributed to the universalization of the cost and price proportions of commodity production and circulation not

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\* S.M. Borisov, "Zoloto v ekonomike sovremennogo kapitalizma" [Gold in the Economy of Contemporary Capitalism], Second edition, revised and supplemented, Moscow, Izdatel'stvo "Finansy i statistika", 1984, p 478.

only within individual countries but also on an international scale.... The free circulation of gold contributed to the expansion of international monetary relations, which gradually evolved into a world currency system" (p 14). But, having fulfilled its historical purpose, gold money becomes an impediment in the way of the further development of state-monopoly capitalism. "The specifics of the gold standard," S. Borisov emphasizes, "are fundamentally incompatible with modern state-monopoly regulation of the monetary-currency sphere of capitalism" (p 449). He thus points to the objectively existing circumstances conditioned by the regularities of the development of capitalism as a social-economic formation which determine the appearance and disappearance of monetary systems based on the "yellow metal".

It is significant that in this case the reader is offered not abstract arguments but strictly scientific conclusions based on a most detailed analysis of highly voluminous material incorporating data on the mining and use of gold, the markets of the "yellow metal" and the speculative stock-jobbing surrounding it, the accumulations of gold in official reserves and private hoardings, the mechanism of the gold standard and the current system of international settlements. As the facts testify, the trends noted in the first edition of the monograph have been continued in subsequent years: "all the functions which in the course of historical development and the maturation of objective economic processes made gold genuine monetary material it does not now perform" (p 434). Of course, "capitalism cannot manage without gold today either, at the state-monopoly stage of development" (p 219), however, today the "yellow metal" performs a fundamentally different role, no longer being a special, monetary commodity. The most to which gold can pretend today is really being a "first among equals".

And this is understandable. It would be naive to expect that the day following actual demonetization everyone would renounce gold. What we have is precisely one of the instances when "the traditions of all dead generations hover, like a nightmare, over the minds of the living."\* What is of fundamental importance in the given context is primarily the fact that in the process of the well-known C--M metamorphosis gold now acts exclusively as a commodity (even if with a special reputation), but never as money. Such an assertion cannot be disputed. Doubt may be expressed only as to the substantiation of the conclusion according to which the collapse of the gold standard was a fait accompli merely when in August 1971 the United States announced an end to the "changing" of dollars for gold (p 378). After all, having analyzed the mechanism of this "changing" in detail, S. Borisov himself reasonably observes that "this practice should not be called anything other than trade" (p 82). It would evidently have been more correct, nonetheless, to say here that the said event marked the removal of one of the last vestiges of the organism of the gold standard, which had already in fact become obsolete. Gold had not been performing a single monetary function long before this.

It is expedient to mention one further fact in this connection: the author believes that "the ECU has real support" (p 421), by which is meant the "yellow metal" deposited by the members of the European Currency System.

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\* K. Marx and F. Engels, "Works," vol 8, p 119.

But if this currency unit is really and not only formally based on gold, the reader has every reason to believe that its conclusive demonetization has yet to occur. Yet the facts adduced in the book persuade us of the reverse. It is all a matter here, it would seem, of somewhat unsuccessful wording creating the appearance of the author contradicting himself. In fact S. Borisov consistently defends the proposition concerning the complete demonetization of gold

For many researchers who note the existence of the process of the demonetization of the "yellow metal," but who are not yet venturing to acknowledge its completion the touchstone is the continued existence of large-scale official gold reserves and private depositories. The work devoted a whole chapter to the study of such use of gold, so that the conclusion according to which "gold concentrated in private holdings is no longer a monetary metal and does not perform the functions typical of it earlier of actual and real money" is entirely substantiated (p 69). S. Borisov by no means suggests that we take his word for it but proves his contention with facts and figures at his fingertips. This also applies to official reserves, which currently also have practically been disconnected from activity in the monetary sphere (p 287).

Nor does the book overlook questions of final payments. In fact the latter may be made only by currency values which preclude further claims by their recipients on anybody. Gold has acted as such a value, while national paper currencies essentially represent simply the liabilities of this state or the other. Consequently, given settlements in so-called reserve currencies, the final payment is not made, in connection with which some economists conclude that gold continues to be a monetary commodity.

S. Borisov does not rush to such conclusions. He devotes two chapters to a most detailed analysis of the mechanism of international payments both given the free circulation of gold and under the conditions of various restrictions, as far as the system of the use of paper banknotes totally unconnected with the "yellow metal". The work shows convincingly on the basis of specific examples that the "regularly recurring process of deferment of the final payment becomes a factor essentially precluding the need for the payment of gold per demands for redemption which are systematically not made" (p 108). Under the conditions of contemporary state-monopoly capitalism credit money becomes independent means of payment because the entire course of development of production relations converts it into an exchange equivalent, receipt of which is the content of payment as such.

S. Borisov graphically demonstrates in his study that the new system of international settlements did not emerge in a vacuum but was the logical result of processes whose material and objective prerequisites took shape back during the times of the gold standard. The demonetization of gold depends by no means on the subjective will of individual politicians and governments, although this factor has a certain impact on the rate of development of the given process, delaying it or forcing it to retreat somewhat at times even. Citing Academician Ye.S. Varga's thought concerning the undulating nature of the development of state-monopoly capitalism, the author emphasizes: "Inasmuch



as the bourgeois state's monopolization of the sphere of monetary metal has been a necessary link in the overall chain of state-monopoly measures this process also has been characterized by undulating movement" (p 28).

The work assigns a significant place to a critical analysis of the opinions of certain Western specialists calling on the capitalist world from time to time for a return to this form or the other of the gold standard. They propose using gold here for bringing if only some "relative order" to bear in the economics and finances of capitalism. It is obvious, however, that the "yellow metal" could only be used practically to achieve these goals in the event of the creation of the necessary conditions of its functioning as a monetary commodity, that is, ensuring the desired "relative order". What we have is a vicious circle graphically demonstrating the insolubility and seriousness of the socioeconomic contradictions objectively inherent in capitalism.

"The mechanism of the gold standard," S. Borisov rightly concludes, "has conclusively receded into the past, and there are no objective economic prerequisites for its revival, and any attempts to operate in this direction are doomed to failure in advance" (p 449). As far as present-day capitalism is concerned, it needs gold by no means as a commodity equivalent, as money. The first stages of the demonetization process have led to the "yellow metal," having disappeared from circulation, simply being on a par with ordinary commodities, performing, although having lost its former functions, a new, by no means inconsiderable role. All the singularities which permitted it, given certain conditions, to be earmarked as a monopoly commodity-equivalent it retains, as before. True, under the changed conditions for modern money they have proven superfluous, but on the other hand they allow gold to remain a highly mobile and particularly liquid commodity, which is something in itself.

The subject of the monograph is so vast and the very problem of the economic role of gold so complex that it would be absurd to demand of the author the impossible--that he grasp the boundless. Nonetheless, it is important to mention the untutilized "potential" also. For example, the examination of the economic role of the "yellow metal" in the developing countries merited greater attention, we believe. There are undoubtedly specifics here which are naturally reflected in the economy of Western countries also. The assertion (far from all specialists agree with it) that "the present paper-money scale... is incapable of measuring the value of commodities and is capable only of commensurating them" (p 174) is in need of more detailed arguments.

As practice shows, only the clearly recognized commodity and not monetary nature of the functioning of the "yellow metal" in the economy of present-day capitalism can study in depth the mechanism of the current trade in gold and the state of the gold markets. And this approach is absolutely essential for the successful fulfillment of V.I. Lenin's direction, which remains pertinent today also: "we must use gold sparingly in the RSFSR, sell it somewhat more dearly and buy commodities for it somewhat more cheaply."\* Clearly, however, tackling this

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\* V.I. Lenin, "Complete Works," vol 44, p 226.

task today is immeasurably more complex than in the times of the gold standard. Further serious research is necessary. The book in question, which contains not only the author's reflections but to a considerable extent the entire set of fruitful ideas expressed in the course of debate by a number of leading economists, is a notable landmark on this important path.

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#### U.S. BOOK ON NUCLEAR PROLIFERATION REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 85 (signed to press 15 Jul 85) pp 152-154

[V. Davydov review: "An American Expert on the Causes of 'Nuclear Proliferation'"]

[Text] The book in question, "The Dynamics of Nuclear Proliferation,"\* is devoted to an analysis of the driving forces of the process of an increase in the number of powers possessing nuclear weapons. Its author--Prof S. Meyer--is a research assistant at MIT's Center for International Studies. Formulating the purpose of his study, he emphasizes: international policy in the nonproliferation sphere may be effective only if the factors influencing the decision-making of this "threshold country" or the other--to embark on the path of the creation of nuclear weapons or not--are carefully and correctly considered.

As a result of the development of the scientific-technical revolution and the expansion of interstate cooperation in the peaceful use of atomic energy the number of countries materially capable of creating nuclear weapons had increased by the mid-1980's. Currently there are more than 30 of them. "Slowly, but surely states have begun to develop a nuclear infrastructure: personnel with the appropriate knowledge and skills, equipment and enterprises with production capacity which could be switched to problems of nuclear weapons" (p 3).

Is there a direct interconnection between the assimilation of nuclear technology and the spread of nuclear weapons? Answering this question, S. Meyer emphasizes that the existence of the necessary technological and industrial basis could facilitate realization of a decision to create the latter. "Undoubtedly, technology is one of the two ingredients of the nuclear proliferation process" (p 165). But, as historical experience shows, the presence of the appropriate technology and materials is not and never has been the main driving force of the proliferation of nuclear weapons. A whole number of industrially developed states with a ramified peaceful nuclear industry such as Canada, Sweden, Australia, Belgium, the Netherlands, Italy, Switzerland and others, although

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\* Stephen M. Meyer, "The Dynamics of Nuclear Proliferation," University of Chicago Press, Chicago and London, 1984, pp XIV 229.

capable of creating nuclear weapons, are not doing so. "Technology," we read in the book, "is not the cause of nuclear proliferation but the form in which it occurs. Technology merely provides an opportunity for realization of a decision to create nuclear weapons" (p 142). It is for this reason, the American specialist believes, that the process of the proliferation of nuclear technology and materials and the proliferation of nuclear weapons cannot be equated.

The author logically considers that the main driving force of nuclear proliferation are not technological achievements but political and military factors influencing the decision-making of this state or the other in the nuclear sphere. Among these the monograph distinguishes the following: the endeavor with the aid of nuclear weapons to play the part of regional "power center," achieve great-power status, neutralize the threat on the part of a neighboring nuclear state, provide for one's security in a situation of international isolation and so forth. However, counteractive factors: fear of analogous retaliatory actions on the part of neighboring states, the adoption of political commitments not to create nuclear weapons and the international community's negative reaction to an enlargement of the "nuclear club" also influence states' considerations in support of the creation of nuclear weapons (p 74).

Of course, without the necessary technology base the motives do not per se entail nuclear proliferation. It is for this reason that the main attention in nonproliferation policy should be paid, the expert believes, to the "threshold" states, which have a nuclear infrastructure and are demonstrating their aspiration to its use for military-political purposes. These are South Africa, Israel and Pakistan.

Analyzing the nuclear potential of the South African racists, the author emphasizes that Pretoria's cooperation in the nuclear sphere with Western states has contributed to the emergence of a ramified nuclear industry, including the development of uranium-enrichment installations which are not under IAEA control. Approximately 100 nuclear South African nuclear physicists are gaining on-the-job experience in the United States (p 115). Under the conditions of increasing economic and political isolation the racist regime has repeatedly advocated the creation of its own nuclear weapons, which would secure for it the dominant political and military positions in the south of the African continent and afford it levers of influence on the international community. "Considering the strong nuclear ambitions which existed throughout the 1960's-1970's," the work observes, "it is perfectly logical to conclude that the South African Government has undertaken special operations to acquire a secret nuclear capability," which will lead to the creation of operational nuclear forces (p 117).

The combination of technological potential and political motives is also characteristic of another "near-nuclear" state--Israel--which, like South Africa, has with the help of the United States and France a nuclear program of a high level. More than 250 Israeli scientists have undergone training in laboratories registered with the American Nuclear Regulatory Commission. Installations for the production of fissionable materials which are not under



IAEA control also function in Israel. In the opinion of S. Meyer, by 1968 even Tel Aviv had achieved the hidden capability for manufacturing nuclear devices; its military and political hopes put in nuclear weapons are determined by an endeavor to dictate its terms to neighboring Arab countries in the atmosphere of permanent tension in the Near East. "The existence of powerful motives made for the decision to create nuclear weapons" (p 118).

The author believes that if South Africa and Israel openly conduct tests of nuclear devices, this will lead to a sharp increase in the threat of the further proliferation of nuclear weapons. However, he cautions against the tendencies which have been discerned in Western ruling circles to regard these states as de facto nuclear powers, considering that such a classification could have just as negative consequences as an open test of a nuclear device (p 155).

Nuclear ambitions were the main reason for Pakistan's acquisition, given the direct connivance of Western countries, of the technology and materials necessary for military purposes. Analyzing the development of this country's nuclear program, the American professor concludes that the secret work on the creation of uranium-enrichment and plutonium-reprocessing installations testifies that "the government has planned to make the jump from a stage at which there was not even the hidden capability for manufacturing nuclear weapons to the stage of a developed nuclear infrastructure..., which will make it possible in a few years to begin" their production (pp 135-136).

The negative consequences of Islamabad's acquisition of nuclear weapons are obvious. It "would not only lead to acute military tension with neighboring India" but would also be negatively reflected in stability in areas of the Persian Gulf and the entire Near East. However, despite this, the United States, as the book observes, is essentially closing its eyes to Pakistan's advance along the path of the creation of nuclear weapons mainly because Washington is interested in preserving allied relations with Islamabad for pursuing its foreign policy course in this region. "The United States needs Pakistan more than Pakistan needs the United States." Given current circumstances, the United States does not even dare use the available levers of influence against it, the author caustically concludes (p 157).

The work emphasizes that the West's "from a position of strength" policy in respect of the developing countries is contributing to an intensification of the incentives to the acquisition of nuclear weapons. "Prior to April 1982 Argentina's nuclear aspirations were negligible. However, the Falklands crisis radically changed its approach to nuclear weapons. The dependability of the alliance (the Rio Pact) with the United States was called in question owing to Washington's support for Britain." As a result there was an abrupt change in Argentina's nuclear aspirations (p 155). A similar picture may be observed in Asia also, where the United States' foreign policy, which is based on the nuclear forces deployed in the region, is the reason for the search by a number of countries for adequate responses to the American nuclear threat.

In the opinion of the American expert, the forecasting of nuclear proliferation based mainly on the development prospects of countries' nuclear power engineering is not only unreliable but of no practical benefit for policy in the sphere of the nonproliferation of nuclear weapons. "Like forecasting a price on the stock exchange," he writes, "forecasting the general trends of nuclear proliferation--how many nuclear states there will be by 1990, for example--is interesting, but of little practical purpose. Of course, these forecasts are forcing us to think about possible future dangers and the need for actions to neutralize them. But such forecasts are incapable of making available the necessary information for the decision-making process" (p 144). For this reason the author believes that the main attention in forecasting should be paid to the factors which could have an impact on a strengthening or weakening of the motives of the "near-nuclear" countries for acquiring nuclear weapons.

Summing up the study, S. Meyer emphasizes that the efficiency of international policy in the nonproliferation sphere may be achieved only if it is geared to the neutralization of the motives for the creation of nuclear weapons and does not amount merely to erecting additional "technical barriers" in the way of their creation. "Control of technology and its use and restrictions on the transfer of critical technology," we read in the work, "may delay the progress and reduce the scale of nuclear proliferation and win time. But attempting to prevent the appearance of new nuclear states solely by technical means is tantamount to treating the symptoms and ignoring the disease itself.... Ultimately 'treatment' of the problems of nuclear proliferation lies mainly in a reduction in the nuclear aspirations of the 'threshold' states" (p 165).

We have to agree with this conclusion of the American specialist. However, it is to be regretted that in having diagnosed correctly, as a whole, the dynamics of nuclear proliferation, he did not go further and show that the United States' policy of the further buildup of nuclear arsenals and spurring of tension in the world is not impeding but stimulating the nuclear ambitions of such "threshold countries" as South Africa, Israel and Pakistan. Such a conclusion would be a logical and natural result of the arguments of the author of the book in question.

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#### BOOK ON WEST EUROPEAN POLITICAL-MILITARY INTEGRATION REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 8, Aug 85 (signed to press 15 Jul 85) pp 154-156

[V. Baranovskiy review: "Evolution of the West European 'Power Center'"]

[Text] The authors of the book in question\* are associates of the Institute of International Relations of the Academy of State and Legal Sciences and the Institute of Military History of the GDR.

An undoubted merit of the work is that it affords an opportunity for tracing the genesis of this form of political and military integration or the other in West Europe. Such an appeal to history, even if it is a question of the quite recent past, makes it possible to put the present state of affairs in the context of the region's entire postwar development (pp 34-62). Something else is of importance also--this experience contains highly instructive material which could be directly correlated with certain aspects of the processes being observed here currently. The plan for a "European Defense Community," which collapsed at the end of the 1950's, and the attempts being made in our time to direct the Common Market's development into a military-political channel. The plan for the formation of a European Political Community, which was elaborated over three decades ago, and the "European Union" plan adopted by the European Parliament in February 1984. The actively discussed plans for a "multilateral nuclear force" (the 1960's) or an "Anglo-French nuclear alliance" (start of the 1970's) and the calls being heard today for the creation of a West European "restraint potential". Such are merely some of the historical parallels of, understandably, the most immediate interest from the viewpoint of present-day foreign policy practice.

The large volume of information of a historical and factual nature contained in the book makes it a valuable reference publication making it possible to trace the evolution and contemporary state of various West European political and military-political organizations. At the same time the monograph is also of interest as a summary study of the structure of the organizational relations

\* "Zapadnaya Yevropa: politicheskaya i voyennaya integratsiya" [West Europe: Political and Military Integration]. With a foreword by and under the general editorship of Prof M.I. Burlakov, doctor of economic sciences, Moscow, Izdatel'stvo "Yuridicheskaya literatura", 1984, p 271.

between imperialist states which exists in West Europe. The book's authors analyze each element of this structure not only "from within" but also in interaction with other West European mechanisms of the concordance and coordination of policy.

A key question in this plane is that of the interaction and mutual complementariness of NATO and the EEC. It is revealed in the book in the example of their policy in North and South Europe (pp 229-247). It would certainly be expedient to also trace the "parallelism" in the activity of the two organizations in respect of the socialist community states and also the developing countries.

At the same time it is important to see also the differences which objectively exist in the status of the North Atlantic bloc and the Common Market and their dissimilar role in the process of political and military integration in West Europe. The dominating positions in NATO, for example, are occupied by Washington, which uses this organization to put pressure on its West European allies. The Americans do not have direct access to the Common Market mechanism, however, and it is far more difficult for them to control the latter. The military-political sphere, in which NATO activity is concentrated, is nonetheless characterized by the unconditional superiority of the United States compared with the West European countries--which can no longer be said about the commercial-economic sphere, where the Common Market is outdoing its North American competitors in a whole number of parameters (although certain unfavorable trends for it have arisen in the 1980's). Also dissimilar is the two organizations' "purpose" in the system of interimperialist relations: the North Atlantic bloc is designed to express the interests of two "power centers" in the imperialist world competing between themselves, whereas the Common Market serves as the political and economic nucleus of one of them--the West European. It is in this soil, the book in question emphasizes, that a broad range of contradictions is arising between the "Atlantic" partners--in the trade, agrarian and currency spheres and also in the political and (to a somewhat lesser extent) military-political fields (p 68).

The endeavor of the Common Market participants to provide for the defense of their specific interests and strengthen their positions in the system of international relations is becoming a source of the "politicization" of the European Community. The main components of this process are, as the book observes, the elaboration, discussion and confirmation of various plans for the creation of a political union based on the integration grouping, the considerable expansion of the scale of the foreign policy activity exercised via EEC channels and stimulation of the role of the European Parliament since it has come to be formed on the basis of direct elections (pp 119-138).

There are forces in West Europe actively advocating not only the "politicization" of the Common Market but also the formation on the basis of the EEC of a new military-political bloc. In the design of the supporters of such an alliance, it could radically strengthen the positions of the West European "power center" both in respect of the socialist community countries and in respect of the United States. A very interesting, albeit brief, section of the monograph is devoted to various concepts of West European military integration (pp 139-153). And if the avowedly maximalist plans being elaborated in this key have yet to be



realized, the said trend in itself is, as the facts adduced in the book show, gradually strengthening. This is manifested in the activity of the NATO Eurogroup, the political reanimation of the Western European Union, the development of the military-industrial cooperation of countries of the region and the extension of bilateral military-political consultations between some of them, primarily France and the FRG (pp 187-216).

It is a question, the authors observe, of the coming into being of a specific West European system of military-industrial and military-political relations which in a considerable part thereof is "built in" to NATO mechanisms, but which at the same time also has certain institutional elements outside of the North Atlantic bloc (pp 248-250).

At the same time the development of political and military integration in the region in question is encountering numerous obstacles. They have been caused both by American-West European contradictions and the often nonconcurrent interests and goals of the West European states themselves. The monograph under review examines the specific features of the "integration" policy of all participants in the EEC without exception and also of the United States (pp 79-118). This gives the reader an idea of the singularities of the policy they are pursuing and enables him to ascertain on what their positions on questions of political and military integration do not coincide and what points of contact there are between them.

Attentively analyzing the said trends, the authors examine them against the background of the general state of affairs in the international arena and show their negative impact on the development of mutual relations between countries with different social systems. The security and future of the states and peoples of the continent, the scholars from the GDR emphasize, are connected not with the creation of new political and military blocs but with the way to a Europe of peace, stability and cooperation indicated in the Helsinki Final Act.

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